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THE BRITISH LABOR MOVEMENT

BY
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FOREWORD

The following chapters contain nothing that is new to English readers. I am told, however, by some who heard them, that they may be not without interest to those who know the British Labor Movement only through the columns of newspapers. They are, therefore, reprinted below, in the form in which they were delivered at the Williamstown Institute of Politics in August, 1924. I am glad to take this opportunity of thanking President Garfield for inviting me to take part in the work of the Institute, and Professor McLaren for adding to numerous other kindnesses by seeing this small book through the press.

R. H. TAWNEY.

CONTENTS

CHAPTER		PAGE
I.	The Antecedents of the Labor Movement, 1815-1914	1
II.	The Constitution of the Labor Party and the Social Outlook of Labor	32
III.	The Labor Movement and the Nationalization of the Coal Industry	61
IV.	The Labor Movement and International Affairs	94
V.	The Labor Movement and Education	119
VI.	The Labor Movement and Socialism	144
	Index	175

THE BRITISH LABOR MOVEMENT

LECTURE I

THE ANTECEDENTS OF THE LABOR MOVEMENT, 1815-1914

To an Englishman, accustomed for several generations to think of the two great traditional parties as partaking of the permanence, if not of the luminosity, of the solar system, it is natural that the emergence to prominence of a new political organization, polling some 4,300,000 votes at the last election, returning approximately one-third of the House of Commons, and achieving, after a generation of comparative obscurity, the feat of forming His Majesty's Government within little more than twelve months of being recognized as His Majesty's opposition, should appear a phenomenon of considerable, if somewhat apprehensive, interest. And when this Government, which the more romantic section of the press had taught him to regard as the herald of disaster and decay, is seen to be followed by no swift relapse into anarchy, but to be not incompatible with the stability of established institutions, and even with a modest revival of trade, to conduct administration in a manner approved by those most experienced and exacting, if sympathetic and helpful, of critics, the British Civil Service, and to secure, it is perhaps not unfair to say, the increasing confidence of the professional and business classes, without losing that of the man-

ual workers, if his apprehensions are diminished, his curiosity is increased.

A Socialist and Pacifist is Prime Minister and at the Foreign Office; a Socialist and Pacifist is Chancellor of the Exchequer. The founder of the Fabian Society presides at the Board of Trade over the commerce of the country. The former Secretary of the National Union of Railwaymen is now Secretary of State for the Colonies. An iron-founder is at the Home Office, and a miner at the Post Office. The former Secretary of the Miners' Federation is a colleague of a former Viceroy of India at the Admiralty. And the world still continues to revolve.

The innocent reader of English newspapers had not seldom been told that the Labor Party was the political organ of the class interests of a single section of society. He finds, in fact, that, appealing as it does in its constitution to all workers "by hand and by brain," it contains elements—not only manual workers, but doctors, teachers, lawyers and men of business, not to mention an occasional peer—considerably more various than have in the past been in active coöperation in any other political party in Great Britain. He was informed that, ignorant of all but industrial questions, it would sacrifice international and imperial interests to a narrow preoccupation with domestic and social issues. He discovers, in fact, that for the first time since the death of Lord Salisbury a generation ago, a Prime Minister takes personal charge of the Foreign Office, that the Labor Cabinet is occupied at least as much with international as with domestic questions, and that even in the supposedly unfamiliar field of diplomacy it is—to speak mildly—not conspicuously more unsuccess-

ful than its immediate and more reputable predecessors. He had been warned that it cherished schemes which it was the fashion to denounce as "predatory finance." He observes that its first budget is welcomed, not only by the consumer, whose indirect taxation it diminished, but by the financial world of the City of London, and that among the few criticisms brought against it by liberal economists, one is that the Socialist Chancellor of the Exchequer has been actually too rigorous an economic purist in his treatment of his surplus!

He had been appalled by pictures of closing factories and commercial paralysis. He reads in the official returns that the unemployment percentage averaged 15 per cent in 1921 and 1922, 11 per cent in 1923, and, after the electoral catastrophe which brought the Labor Government to power, was under 8 per cent in May, 1924. He had been cautioned to expect an outburst of strikes, in which no government supported by trade unionists would dare to intervene. He finds by experience that, if disputes have not conspicuously diminished, neither have they conspicuously increased, and that those which have been threatened, or even begun, have been settled by the cotton weaver and trade unionist who is Minister of Labor with quite unusual expedition; and, greatly daring, he reflects that it may even be not wholly a disadvantage for a Minister to know something of the subjects with which he is appointed to deal.

He had shuddered at the thought of the coarse, ignorant materialists, untouched by culture and impervious to the things of the spirit, who would be responsible for education. He finds, if he is curious in such matters, that the members of this Cabinet of

barbarians have probably written more books and traveled more miles outside England than both the two preceding cabinets together; that almost the whole educational world, harassed by the financial parsimony of the two preceding Governments, heaved a sigh of relief at the advent of the Labor Ministry; that the Labor President of the Board of Education takes steps at once to restore the state scholarships to universities which his predecessor, in a fit of folly miscalled economy, had abolished, and to increase the number of children passing from primary to secondary schools; that, in recognition of his services to education, he is paid the quite unusual compliment of being formally thanked in person by the Annual Conference of the National Union of Teachers; and that the only vocal criticism on the educational policy of the Labor Government comes from those who fear it may spend too much on education!

Our English observer notices these surprising phenomena, and sometimes—so unpredictable is human nature—he is positively indignant at them. His relief at the non-fulfilment of his prophecies is tempered by annoyance with the Government for not fulfilling them. He complains that the savage animal, before whose approach he had trembled, has not bitten him even once, and draws the conclusion, not that it is less dangerous, but only that it is more cunning and more treacherous than he supposed. And by one of the lovable inconsistencies of the politician, having for a decade denounced the Labor Party as a gang of revolutionaries, he loudly proclaims his indignation at the revelation that it is not revolutionary at all! He was wrong before, and he is wrong now. The

Labor Party never was revolutionary in method: it is, and will continue to be, revolutionary in aim. It is not revolutionary in method, because it is confident that it can achieve its objects by the use of the ordinary constitutional machinery of the country; and, now that it seems to be on the verge of winning, it certainly does not intend to alter, or (what may in the future be more important) to allow other parties to alter, the rules of the game. If to be revolutionary is to contemplate the introduction of far-reaching measures of social and economic construction, to be carried out, indeed, with general consent and by our traditional instrument of parliamentary government, but fundamentally altering the distribution of wealth, the relations of different social groups, the organization of industry and the institution of property, then the Labor Party always has been revolutionary, is revolutionary today, and will continue, I hope, to be revolutionary in the future.

But the policy of the Party is the theme of future lectures, and I must not dwell further on the disillusionment of the bold bad men who complain of the lack of substance in the specter which they themselves created. The ordinary citizen is in a different frame of mind. He sees that there has been a considerable change in the political kaleidoscope. He desires to grasp the causes which have produced it, and to understand sufficient of the organization and objects of this new political force to form some reasonable anticipation of the manner in which it may be expected to operate in the future.

These are domestic issues. They have not the universal appeal of the international topics on which other speakers will address you, and I can hardly

hope that they arouse the same interest with you as they do with us. The first Labor Government has been in power in England for less than eight months, and, resting, as it does, on the support of a minority of the House of Commons, it can at any moment be dismissed by a temporary coalition on the part of its opponents. Naturally, therefore, it has no long record of achievement to which to point, and it is not yet in a position, as would be a government commanding an undisputed majority, to translate the conceptions most distinctive of it into legislation in the immediate future. In these circumstances, one who speaks of its policy cannot hope to lend his theme the topical interest which belongs to an account of great issues in process of being fought to a successful conclusion. He must dwell less on the work which has actually been done than on the manner in which British Labor conceives the work which there is to do. He must emphasize less the already accomplished reforms of the Labor Government than the growth and outlook of the Labor Party, and less the growth of the Party than the larger currents, economic and intellectual, which have given both Party and Government their present positions.

For myself, at any rate, speaking merely as a humble member of the Party, who has followed its past and is interested in its future, that approach is the only one possible. I can claim nothing whatever of the special authority kindly, but erroneously, imputed to me by one or two of the papers which have come into my hands. I speak with complete irresponsibility; I commit no one to the views which I express; and I can make no sensational revelations. Unless an inveterate and uniformly unsuccessful habit of par-

liamentary candidature is a qualification for the title, I have no claim to describe myself as a practical politician. And in an audience composed of representatives of a nation which has carried the technique of political organization to heights of elaboration unknown in Europe, I speak with the embarrassed hesitation of a solitary and slow-witted lion in a den of astute and experienced Daniels.

Nor, even had I more right than I have to expound the political tactics of the British Labor Party, should I regard that aspect of the subject as the one most worthy of your attention. Only the most incorrigible of fanatics can persuade himself that the fortunes of the political organization with which he himself is connected are likely to be of interest to members of a different community. Though, as a member of the Labor Party, I rejoice at its recent successes, as a historian I am unable to persuade myself that the electoral achievements of even the most meritorious of parties can rightly be regarded as among the major interests of mankind. We are all familiar with the antics of that most ingenuous of creatures, the political wire-puller, who watches each vibration of the machine with the conviction that destiny hangs upon its movements. And, except in moments of abnormal exhilaration, we are all conscious of their absurdity. The significance of political, as of other kinds of mechanism, depends on the motor which drives it, and on the objects to which it is applied. Not infrequently the motor is feeble and the objects trivial. There are considerable periods of history during which the future is being decided less in Cabinets and Parliaments than in the laboratory of the scientist and the workshop of the engineer. And to

study it as the record of the vicissitudes of political parties is only less unintelligent—if it is less unintelligent—than to confine attention to the rise and fall of dynasties or the personalities of presidents.

I do not, therefore, begin these addresses with the initial disposition to exaggerate the importance of political changes or to see a revolution in every alternation of parties. Whether a political development is or is not sufficiently significant to deserve serious attention depends on the forces of which it is the expression. In itself merely a symptom, its importance can be judged only after it is known whether it represents, not some adroit political tactics or accidental and evanescent interest, but some permanent modification in the structure of society or some new conception of social and political expediency. Though such changes in social organization and political thought are constantly taking place, it is only at comparatively long intervals that their results accumulate with sufficient volume and mass to involve the rise of a new body of interests and ideas to the control of public affairs. But, when they do, the result is decisive, and may give its whole bias and quality to the political life of several generations. Such was the alteration in the basis of political power which took place with the rise of the *Tiers État* in France in the eighteenth century. Such, in a more prosaic and less arresting manner, was that which occurred in England with the victory of the middle classes over the old régime in 1832, which found its political expression in the first great Reform Bill; and, in spite of two further Reform Acts and sweeping changes in economic organization, the social strata

which directed British affairs on the eve of the war, and the political conceptions by which they were guided, were still in the main those which had had their birth in the movement of industrial reconstruction in the early nineteenth century, and which won political recognition with the first Reform Bill. Whether similarly momentous consequences will follow the rise of a third party based in origin on the organization of the manual working classes (though including many beside them), and expressing their ideas, it is still too early to say. Though my own belief is that they will, it is conceivable, at least, that the organization will lack cohesion and the ideas will not stand the test of experience. It is, indeed, precisely that uncertainty which gives its piquancy to the present situation. What lends its interest to the recent political successes of the Labor Movement in England is the possibility that after several generations during which, in spite of many changes, English policy has been guided by broadly the same type of social interests, we may be on the edge of another watershed, analogous to that of the Reform Bill, whence new streams will descend to carve English political scenery into new shapes.

I do not desire to exaggerate the novelty of the English departure. It is true, of course, that there had been Labor Governments in Australia and in Scandinavian countries, not to mention the East of Europe, before Labor came to power in England. But in the former the fluid character of a community still young, with a total population barely equal to that of London, prevented it from being confronted with the difficulties, the problems and the opportunities which present themselves in an old and densely

populated country like England; and both alike, owing to the facts of geography and economic organization, stand too far from the center of world politics for the reverberation of their political experiments to be widely felt. In England the establishment of a successful Labor Party was at once more difficult of achievement and fraught with larger consequences when achieved. For one thing, the long tradition of a two-party system made it more than usually hard for a third party to make good its title, and the peculiar stratification of English society made the conquest of political power by the wage-earning classes a more striking portent. For another thing, owing to its high degree of industrialization and its peculiar dependence on foreign trade, economic issues assume in England a character more critical than they do in countries more nearly self-sufficing. In the third place, the peculiar position of England—at once in Europe and the leading member of an empire outside it—makes it difficult for other nations to be entirely without interest even in its internal politics. A new social group has successfully asserted its right to control British policy, and it is inevitable that observers should ask for what purpose its powers will be used.

It is the more inevitable because, both in virtue of its history and by its own explicit declarations, the Labor Party represents an attitude towards certain main institutions of our present civilization in sharp contradiction with the doctrines which have guided the economic policy of most industrial countries during the past hundred years, and which are accepted today—unless I misrepresent them—by both its rivals. What precise meaning is to be given to the

Socialism to which, by the formal resolution of its Annual Conference, the Labor Party is committed, I will discuss in my concluding lecture. But it would, I think, be agreed by its critics that the Party stands not merely for a class interest, but for a body of social and economic ideas, which are far, no doubt, from having been fully elaborated, but which are not less significant on that account.

And, indeed, in view of its composition, it is inevitable that it should. The resounding abstractions which are the conventional and somewhat attenuated currency of political controversy—democracy, liberty, property, justice, equality of opportunity, freedom of enterprise and the rest—however much we may like to regard them as the embodiment of eternal verities, are not like Platonic ideas laid up in heaven, but take their color and connotation from the dominant interests and practical needs of the different classes which from time to time set the tone of society, and are reinterpreted when, with political and economic changes, those dominant interests undergo a modification. Government by the conscious and continually renewed assent of the governed, which is at least one element in democracy, depends on a more subtle combination of conditions in a highly organized and populous industrial community than in the societies composed mainly of peasant farmers and small traders in which the democratic creed had its birth. Liberty does not mean today what it meant in the agricultural communities of the eighteenth century, nor today does it mean the same thing to the trade unionist and to the directors of the combine which employs him. The sanctity of property is regarded

with different eyes by the owner of minerals and the miner, by the urban landlord and the occupant of an urban tenement. The phrase Individual Enterprise had a practical significance in the days before the rise of corporate finance: in a society where production is organized mainly by joint-stock companies, its interest belongs to the sphere rather of economic folk-lore than of economic reality. As, therefore, the classes dependent for their livelihood on the wage contract make their will effective in public affairs, we may expect to see a radical, if gradual, change in the practical interpretation of traditional categories, analogous to (but, let us hope, less ruthless than) that which took place in Europe when the commercial and middle classes broke the long monopoly of power, or privilege, or both, enjoyed by the landed aristocracy. Of this change, the programmes of European labor and socialist parties are the first premonitory symptom. Naturally they are incomplete; naturally they lay no claim to finality; naturally they will be modified by experience. But they represent the convictions of a considerable body of men and women, who, in England at least, are summoned to discharge the responsibilities of government. It may be not without interest, therefore, to the layman as well as to the economist and political scientist, to consider in what general direction they are likely to modify political practice and social institutions.

In subsequent lectures I shall try to discuss these questions in connection with the ideas of the British Labor Movement on certain main questions of public policy. But if one is to understand its aims one must understand its composition. This evening and next

week, therefore, I wish to describe shortly, if you will allow me, the historical evolution through which it has passed and its present organization and constitution. The formation of a Labor Party acting independently of other parties dates only from 1900, when it was known as the Labor Representation Committee; the present name dates only from 1906; the present constitution from 1918. But the Labor Party is merely the political wing of a much more complex social and economic movement. It derives its significance from the fact that it is not simply an improvised arrangement designed to meet the immediate exigencies of parliamentary warfare, but that it is the expression of forces which have their roots deep in English society. Organized now in such a way as to unite all who share its political creed, whatever their economic affiliations, and thus admitting numerous members of the professional and business classes, its social background is the spontaneous drawing together of the working classes in the trade union and coöperative movements, the former now with 5,500,000 members (some 60 to 70 per cent of the adult male wage-earners), the latter catering for about 3,500,000 households, or 12,000,000 to 15,000,000 individual persons. Together, whether formally allied in a definite coalition (as is the case with the Labor Party and the majority of trade unions) or merely acting together on matters of common interest (as is the case with the Labor Party and the coöperative movement), they form a threefold organization, concerned respectively with the worker (in the broadest sense of the word) as producer, the worker as consumer, and the worker as citizen, interested in matters outside his immediate economic

needs and concerned to impress his aspirations on public policy.

This triple structure of democracy, poles asunder, as it is, from the undifferentiated mass of whom early reformers spoke as "the people," is the result of a century of pressure and effort, and either to appreciate the present position or to forecast the future of the Labor Movement in England, it is necessary (as it is in dealing with most English phenomena) to glance shortly at its history. In the century before the war it had passed through three main phases, running roughly from 1815 to 1848, 1850 to 1890, and 1890 to 1914, each of which left its own imprint on its organization and political philosophy. Of the first, the age of the martyrs and the prophets, when the afterglow of the great revolution still hung in the sky, when the golden hopes of 1789 had not yet been quenched for the mass of mankind by the sad doctrine of inherited weakness, when men still believed in an imminent transformation to be accomplished by a swift act of the popular will, I must not speak at length. Born of the social confusion which accompanied the rise of the great industry in the first forty years of the last century and of the economic misery left by twenty-two years of war, its material background was the merging of the old-fashioned and intensely conservative craftsmen and small masters who had formed the aristocracy of labor in a new proletariat of hired wage-earners, and the rise of what seemed to thoughtful workmen a new feudalism, in which mill-owners and mine-owners wielded the power of a medieval *seigneur* without his responsibilities, over populations unprotected by law and

(down to the repeal of the Combination Acts in 1824) forbidden to protect themselves by combination. Its characteristic expressions were the doctrines of the early English Socialists Hodgskin, Gray, Bray, and, above all, Owen; a brief outburst of syndicalist trade unionism in which the ideas and even the phrases as to self-government in industry, to be rediscovered ninety years later in the crisis of the recent war, were first minted; and the political agitation known from the document or Charter in which it formulated its demands, as Chartism.

The contrast between that first attempt to create a political labor movement and the party which is its successor today is a measure of the revolution both in ideas and in organization which has overtaken the British working classes in the last three generations. On its surface a continuation of the demand for political democracy which had produced and been disappointed by the first Reform Bill, the real objective of Chartism was economic. As Marx, who watched it carefully and later tried to revive it, realized, it marked the entry into politics, not merely of a new party, but of a new class—the wage-earning proletariat created by the industrial revolution—and its essence was an attempt to make possible social reconstruction by the overthrow of the political oligarchy. The English counterpart of the continental revolutions of 1848, it was at once the last English movement which derived its inspiration and phraseology from the inexhaustible arsenal of eighteenth-century liberalism and the first political attack upon the social order which had emerged from the growth of capitalist industry. The theory of a primitive age of justice and felicity was used to give point to an

onslaught on the wage system, and the doctrine that "all men are born free and equal and have certain natural and inalienable rights" marched hand in hand with the declaration that "labor is the source of all wealth." It was characteristically English that a movement, nearly all of whose adherents seemed to the ordinary member of Parliament a band of ragged ruffians, should pour its grievances into the parliamentary mould, instead of burning factories and country houses. It was, unfortunately, not less characteristic that of the contemptuous House of Commons which laughed out the last Chartist petition in 1848 hardly a member had the wit to thank Heaven for the inveterate constitutionalism of his fellow-countrymen.

These struggles seem today remote. But they are not antiquarian curiosities, and if I have touched on the revolutionary age of the Labor Movement, it is because it left permanent marks on its subsequent development. A student of social history must often have asked himself whether it would not have been possible to avert the tension of which modern labor politics are the expression, by so organizing the great industry as to secure one of two things—either that the ideal of *la carrière ouverte aux talents,* which its pioneers preached, should be realized in fact as well as in phrase, or by incorporating in the new order the best side of the aristocratic paternalism of the old régime. To the economic tendencies which decided that, in England at least, the first possibility should not be actualized, I turn in a moment. The character of early industrialism and the policy of the governments of the day had before 1850 forever stultified the second. For what the agitation of which I have

spoken did was something more than to give the working classes the programme of political democracy which was to be realized in 1867 and 1884. It meant that they had become conscious of themselves as a new order in society, and that they had organized for defence against the ruthless economic pressure involved in large scale industry before employers had admitted its evils or Parliament had blunted them by social legislation. It meant, above all, that they had been fired with the conception, vague but inspiring, of social reconstruction on a Socialist basis, which is neither a modern invention, nor (as is sometimes suggested) a foreign importation, but an authentically native product as old as the Labor Movement itself, and which was to reëmerge, with new weapons, and in a more realistic version, in the last decade of the century.

It was to reëmerge, but only after it had run underground for nearly two generations. Democracy, if it is to be more than a polite formality, implies a high level of cohesion and political intelligence: and any Socialism which is not merely a half instinctive revolt against social misery, implies these qualities to a greater degree still. In the forties of the nineteenth century the British working classes possessed neither. It was the lack of the stable organization without which a political movement is the blind drifting of social atoms which had dissolved Chartism. It was to the creation of it that the mind of the working classes turned after 1850. Disillusioned with distant visions, distrustful of middle-class idealists, sceptical of the possibility of swift transformation, it set itself to the prosaic task of building up a solid unromantic industrial organization, financially water-tight, busi-

nesslike in method, intent on small gains and the needs of the hour, efficient, tough and almost as materially-minded as the employers with whom it bargained. Trade unionism, before the middle of the century a welter of small and temporary associations, hastily improvised to meet an emergency and as hastily collapsing when the emergency was over, began between 1850 and 1880 to assume something like its modern shape, with the organization of these scattered local clubs into great national organizations, first the Amalgamated Society of Engineers in 1850, then the Amalgamated Society of Carpenters and Joiners in 1860, then a score of other organizations in the next twenty years.

The coöperative movement, the other great expression of the working classes, went through an analogous development. In origin frankly Utopian, an attempt, not to transform industrial society, but to escape from it by the foundation of self-sufficing colonies or communities, it experienced the opposite fate to that of Saul, set out to seek a kingdom and found its father's asses, and with the foundation of the Rochdale Pioneers and the adoption of the device of dividend on purchase became the parent of a swiftly growing business organization, the characteristic of which is that it is governed by the consumer, and pays its profits, neither to the owners of capital nor to the workmen, but to those who use the goods.

When, after two years of futile attacks, the Allied armies began to study war seriously in 1916, they dropped the heroic but ineffective policy of endeavoring to advance into the blue, and adopted what was called the tactic of the limited objective, aiming only at clearly defined gains and consolidating them be-

fore they made another advance, until in 1918 that tactic was in its turn superseded. In the mixture of intellectual ferment and practical organization which composes social movements there are similar phases, and each phase has for the time being an equally illusory air of finality. In the revolution against Utopianism, the working-class movement went through an analogous phase of contraction and supposed it to be the only phase possible. Its heroic age seemed to be over, and it settled down to make the best of a world not troubled by burning questions. And, of course, that temper was enormously accentuated by the change in both the political and the economic environment which took place after 1850. On the one hand, the most important of the political reforms demanded by the Chartists were realized with the Reform Act of 1867 and the Ballot Act of 1874; for Disraeli had made the discovery (just after Napoleon III and just before Bismarck) that democracy might be conservative. On the other hand, the economic expansion, which set in after 1850 and reached its climax in the seventies, submerged all old grievances beneath a flood of prosperity.

The years 1860-1890 were the Golden Age of English individualist capitalism, when the doubts of the previous half century were allayed and the writings of its earlier critics forgotten so completely that only in our own day have they been disinterred, when the experimental period seemed to be over, the harvest standing ready to be reaped, and the Utopia of material well-being foretold by the economists seemed to be on the verge of realization. England was the only considerable producer of coal and iron in Europe (and, indeed, at that time, in the world), and

had virtually a monopoly of the new manufacturing technique; while, with the development of improved methods of transport and the opening up of the new world, the real cost of raw materials and foodstuffs was falling. The triumph of industry, the increase of exports, the rising standard of consumption, the growing investment of capital abroad, were hailed with universal applause undisturbed by any doubts as to ultimate values, in which only a few querulous men of letters—Carlyle, Ruskin, and, later, Matthew Arnold and William Morris—declined to join. There had been nothing like the universal confidence in the permanence of the established order since the first half of the eighteenth century. There was to be nothing like it, at least in England, again. Charles Dickens' egregious Mr. Podsnap, who held that "This island is blessed, Sir, by Providence, to the direct exclusion of such other countries as there may happen to be," was hardly a caricature of that amazing age. Its symbol and expression—the image which it made to itself—was the Great Exhibition of 1851.

Most persons believe in free competition as long as they are confident of competing successfully. And it was natural that the philosophy of that generation should be individual enterprise, free trade, freedom of contract, security for property, and light taxation. It was equally natural that, in the special circumstances of the time, the working-class movement should accept it. The swift expansion of trade, combined with the gradual rise in price, put the new national societies in a strong position. Workmen and employers, it seemed, could join hands in exploiting the world together. Lectured by economists on the folly of resisting the laws of political economy, trade

unionists took their advice, and set themselves to accumulate the reserves and strengthen the organization needed to enable them to secure the best terms that the market would offer. The result was a period of what an American economist has called business trade unionism. Individualist in economics, and usually Liberal in politics, it turned from the idea of social solidarity as a dream, and concentrated its attention on perfecting the machinery of collective bargaining.

In so far as the working-class movement entered on political activities, it did so with the same reservations. The question of the legal status of trade unionism was causing some anxiety in the later sixties. As a result, three trade unionists ran as candidates at the election of 1869; in the same year a Labor Representative League was formed: and in 1874, for the first time, two trade union officials were returned to the House of Commons. But this tentative political activity did not imply any intention of forming a third party. The struggle between the old régime and the middle classes, of which the most sensational expression had been the repeal of the Corn Laws, was still sufficiently recent for the latter to be regarded as a popular and democratic force, and the Liberal Party, which was their organ, as, *par excellence,* the Party of Progress. Workingmen candidates ran as Liberals and their working-class supporters voted as Liberals. It was generally believed that a small infusion of trade unionists in the House of Commons might be useful as contributing special knowledge. But the two-party system was held to be part of the providential order, and to question the efficacy or sincerity of Liberalism was regarded as profanity.

"English Trade Unionism," a competent German student could write in the eighties, "is the great barrier to the spread of Socialistic ideas." "No Politics in the Union" was the favorite phrase of trade union officials. In the election of 1886 the Labor group in the House of Commons appealed to the electors to support Liberal candidates. Exactly twenty years later, the Labor Party assumed its present name and won its first great electoral successes; most of the younger trade union leaders were members of Socialist organizations; and from that time to this the relations of Labor with the Liberal Party have been, on the whole, even less cordial than with the Conservatives.

The critical period which marked the definite alienation of a large body of popular support from Liberalism was 1890 to 1906, and the main causes of the new attitude were three: changes in the economic environment, changes in economic and political thought, and changes in the legal position of the Trade Union Movement. On the first I must not dwell, but it was fundamental. Political theory is usually the expression of political facts, and by the eighties it was beginning to be evident that the economic phase which had given its magic to the liberal ideology was passing. For one thing, the position of almost unquestioned monopoly which Great Britain had held thirty years before had come to an end with the industrial revolutions which took place in the last thirty years of the century on the continent of Europe and in America, and free competition lost in attractiveness in proportion as it gained in reality. For another thing, industrial organization was undergoing sensational though little noticed changes.

In place of the old-fashioned individual enterprise of the first three-quarters of the century, a new world of corporate organization was arising, which separated ownership from management, depersonalized industrial relations, and gradually brought into existence a new proletariat of salaried brainworkers. The movement (after 1890) towards the formation of trusts and combines followed, and, as it spread, deprived of all relevance the conventional doctrine that the interests of the consumer and of the community were secured by the mutual rivalry of competing producers.

For these developments Liberalism, which repeated economic formulæ hammered out in the widely different environment of half a century before, seemed to have no specific. It was significant that after about 1880 Liberal politics and Social Philosophy, which for two generations had been close allies, more and more drifted apart. John Stuart Mill, in the later years of his life, had become something like a Socialist. The historical study of jurisprudence and of economic development, which reached England *via* Germany in the sixties, undermined accepted formulæ and categories, and suggested that some of the supposed "Laws of Political Economy" were little more than statements of the nastier habits of Lancashire cotton spinners. Ruskin, and later William Morris, denounced capitalist industry as the enemy of honesty of work and dignity of character. Marx, who lived in England from 1849 until his death in 1883, and whose first volume of "Capital" was published in 1867 and translated in 1886, preferred to clothe his philosophy in the garb of history, and taught that the tyrant was already

doomed to destruction by the slave which he had created for his service.

In a country so incurably politically-minded as England, it was inevitable that all this ferment should find political expression, and the eighties saw an outburst of Socialist organizations. Those which were, and remain, really influential were two. The first was the Fabian Society, founded in 1884, which has never included more than some two thousand members, but which, thanks, above all, to Sidney and Beatrice Webb and to Bernard Shaw, has exercised a power quite disproportionate to its numbers, and which set itself to turn Socialism from a romantic Utopianism into prosaic schemes of reorganization based on detailed investigation and capable of piece-meal realization through the existing machinery of national and local government. The second was the Independent Labor Party. Founded in 1893, and led successively—to mention no others—by Keir Hardie, Ramsay MacDonald and Philip Snowden, it accepted the Fabian conception of Socialism as a policy to be realized by the ordinary processes of constitutional government, and had as its object to bring into existence a Labor Party which would not be a mere wing of Liberalism, but would possess its own independent organization and represent a new and distinctive body of social doctrine.

There have been European countries—notably Germany—in which socialist parties have been formed on a dogmatic basis and have subsequently endeavored, with greater or less success, to capture the electorate. In England, owing, doubtless, to the notorious incapacity of Englishmen for speculation,

the course followed has been the opposite. It was obvious that if a Labor Party was to be formed, it must be the expression, not merely of an academic doctrine, but of living social forces. The spontaneous organization of the working classes was trade unionism, and the fate of the new political movement would be decided by the attitude of the unions towards it. The Socialists, who were interested in the victory of an idea, not of a word, accepted, with few exceptions, that position. As a consequence, the crucial issue at the end of the century was a struggle for the political soul of trade unionism, waged between those who desired independent political action and those, mostly the old guard of officials, who insisted that trade unionism should not be contaminated by contact with politics.

In a country like England where industrial relations are affected at a thousand points by the action or inaction of governments, the separation between politics and industry is, at best, highly artificial. It was all very well to say that trade unionists, instead of forming a new and separate political party, should support whichever of the two existing parties had the best record. But, even apart from the reluctance of the thoughtful workman to resign himself forever to what appeared to him to be a choice hardly less attractive than that offered by the formula "Heads I win, tails you lose," there was the fact that government seemed to him to involve something a little more complicated than a periodical auction of votes at elections. He desired a party controlled by his representatives, to discuss, formulate and promote his political ideals, for the same reason as he required a

union controlled by his representatives to protect his industrial interests.

It is probable, therefore, that in any case trade unionism would sooner or later have been drawn into independent political activity. But the change was enormously hastened by two causes; first, the growth of organization among the least skilled and worst paid workers, who were least capable of protecting themselves by collective bargaining and therefore most interested in the development of an active social policy by the State; secondly, by the legal difficulties in which the industrial movement found itself involved. The early history of trade unionism in all countries has turned principally on one point—the struggle to establish and extend the right of professional association. Prohibited by law in England down to 1824, trade unionism enjoyed a qualified legal toleration, subject to grave disabilities, down to 1871, and then, as the result of a series of Acts, passed in 1871, 1875 and 1876, acquired what was thought for nearly a generation to be a secure legal position. The long series of prosecutions under the criminal law came to an end. Unions were not to be illegal merely because they were in restraint of trade. They obtained a definite legal status, could hold property, and could secure protection for their funds. Finally, in conferring these rights, Parliament expressly refrained (or, at any rate, intended to refrain) from making trade unions liable in their corporate capacity.

That legislation, it was thought, closed the long struggle of trade unions for the right to exist, and by means of it they enormously increased their mem-

bership and their power. But then the unexpected happened. The courts proceeded to interpret the legislation of the seventies in a way which was, apparently, almost as bewildering to lawyers as to trade unionists. On the one hand, though the criminal law could no longer be evoked against them, they increasingly found themselves liable to civil proceedings through extensions of the doctrine that interference by a combination with the business of another person is an actionable wrong, and were penalized for such actions as publishing a black list of firms, declining to work with non-unionists, or even peaceful picketing. On the other hand, side by side with this nibbling away of particular powers, there occurred a more sensational innovation. In 1900 a strike occurred on an obscure railway in Wales, of which not one Englishman in a thousand had previously heard. The company sued, not the workmen who had broken their contracts, but the trade union to which they belonged. To the astonishment not only of trade unionists, but of some considerable part of the legal profession, the House of Lords held that, in spite of the Act of 1871, a trade union could be sued in its corporate capacity, and mulcted in damages the union concerned to the tune of £23,000. The effect of the two sets of decisions together was revolutionary. A large number of particular forms of trade union action had been declared to be illegal. Henceforward, it seemed scarcely an exaggeration to say, unions might find themselves in danger of paying damages from their corporate funds for almost any action involving financial loss to an employer.

Into the legal theory of these decisions, interesting though it is, I must not enter. From the point of view

of the men who were endeavoring to build up a political Labor Movement, they were a godsend. The judges were instruments in the hands of Providence, and it is hardly a paradox to say that one principal creator of the modern Labor Party was the House of Lords. Old-fashioned trade unionists were protesting that the movement would be ruined if it entered politics: suddenly, thanks to the judges, it appeared that it would be ruined if it did not. The consequence was to turn independent political action from a remote ideal into an immediate and highly practical issue. As the result of a conference held in February, 1900, between representatives of the Trade Union Congress and three Socialist societies, a Labor Representation Committee was formed, composed of representatives of those bodies, which was, in effect, the modern Labor Party, though it was not until six years later that it took its present name. Its success, though not immediate, was, for a conservative country like England, unexpectedly rapid. It won two seats in the election of 1900, four by-elections between 1900 and 1906, twenty-nine seats in the elections of 1906, and in 1914, on the eve of the war, it had forty-two members. Its membership rose quickly —from less than half a million in 1901 to about one and one-half millions in 1914. By the latter date, all the principal unions had joined it.

Though the political environment in the years preceding the war was unfavorable to Labor politics—public attention being riveted on the struggle of the Liberal Government with the House of Lords and on the Irish Question—the new party, a tiny minority of the House of Commons, achieved certain conspicuous parliamentary successes, of which the most im-

portant were the Trade Disputes Act, giving legal security to trade unions, the Trade Boards Act, establishing a minimum wage for certain classes of workers, the Old Age Pensions Act, the Act establishing a legal eight-hour day in coal mines, and the Trade Union Act, reversing the Osborne judgment and allowing unions, subject to certain safeguards for dissentient minorities, to impose levies on their members for political purposes. Most significant of all, the Labor Party steadily developed an outlook and policy distinct from that of its two opponents. In order to avoid excluding trade unionists who were not Socialists, it declined to declare itself a Socialist Party. But it passed Socialist resolutions at its conferences, and it insisted that its representatives should act in Parliament in complete independence of other parties.

To examine the effects on the British Labor Movement of the war, and its present organization, is a task which I must defer to my next lecture. What I am concerned tonight to emphasize is that when the war subjected the social system of Europe to the severest strain which it had experienced for a century, that movement had already a long history. Political parties, at least in England, cannot be improvised. Unless they are to burn themselves out, they must be based on a compact and organized body of social interests, not merely quick to take flame, but with sufficient density to keep a steady glow when ideas have lost the first charm of novelty. It is the mobilization of social and economic forces in the generation before the war which makes it probable that the present Labor Party, broadened and reorganized though it since has been, will be a permanent

phenomenon in English politics. It was not simply the expression of the turmoil and confusion, economic and political, which the war produced, but the extension of a movement which had been running, sometimes underground and sometimes above it, for more than half a century.

Public interests and activities spring, not from the despair of a society which has no eyes for any objective beyond the removal of its immediate economic difficulties, but from the hope of one which has learned by experience sufficient self-confidence to try on a broad stage the methods which have served it on a narrower one. The workers who drilled on the moors in the forties and signed the Chartist petitions had been economically a disorganized and helpless population, easily swept into an agitation and as easily discouraged, too near to actual economic misery to be capable of sustained efforts for distant ends. In 1914 the great mass of the Labor world was in a different position. Thanks to education, it was more responsive to ideas and more critical of rhetoric. Thanks to the Trade Union and Cöoperative movements, it had been taught the meaning of organization, had learned to trust itself and its leaders, and had mastered the technique by which social changes can ultimately, if gradually, be effected. And practical experience of industrial problems had taught trade unionists, for two generations reluctant to meddle with politics, that they could not afford to leave politics alone, since politics would not leave them alone. What was lacking to the political movement on the eve of the war was two things—a comprehensive programme embracing not merely those special interests of the wage-

earner which had originally brought the organized working classes into politics, but all the manifold activities, from foreign affairs to education, which concern a modern government, and a political organization resting on the support not merely of the trade unions, but of all citizens to whom that programme appealed. The war, with its broadening of political horizons and obliterating of traditional political divisions, brought both. The present Labor Government is the result.

LECTURE II

THE CONSTITUTION OF THE LABOR PARTY AND THE SOCIAL OUTLOOK OF LABOR

Political students fall, I think, into one of two main types. There are those who are interested in the subject matter—the specific problems with which political action deals—and there are those who are interested in the process of dealing with them, the calculation of political forces, the relations of parties, and the strategy of political organization. As one who has become concerned in labor politics merely for the practical reason that, rightly or wrongly, the particular reforms which appealed to me appeared, without the rise of a Labor Party to the control of public affairs, to have little chance of being realized with reasonable rapidity, I am the last person to be qualified to offer the analysis of the mechanism of the Labor Party which ought logically, I suppose, to follow an account of its history. Tonight, therefore, after touching on that subject only so much as is needed to explain the causes which gave it its recent successes, the manner in which it works, and the forces on which it rests, I propose to say something about its general conceptions of economic and social policy. Later I shall illustrate its demand for the public ownership of foundation industries, which is perhaps the most distinctive and most controversial part of its programme, by examining in some detail its policy with regard to the most important of British industries, that of coal-mining. In subsequent lectures I shall discuss its attitude towards interna-

tional affairs and towards the development of education. And I will conclude by discussing the question of the sense in which the political creed of the Labor Party is properly represented by the ambiguous word Socialism. I remember hearing the mayor of a British municipality, in the speech in which he returned thanks for his election to office, say that in discharging the duties of his great position he hoped "to avoid both partiality on the one hand and impartiality on the other." You will not expect me, I hope, to show that Olympian detachment. I trust, however, that one can be reasonably open-minded without being entirely empty-headed, and in my endeavor to describe the organization and ideals of the Party to which I am proud to belong I shall endeavor to do so without exaggerating its virtues or concealing its vices.

In his admirable book on *The Government of England,* published in 1908, President Lowell expressed some doubt as to whether a separate labor party would continue to survive. And in the circumstances at the time there was considerable justification for his scepticism. But four years later came the war, and the war revolutionized British industrial organization, political divisions, and social and political thought. No doubt, during its latter years the tendency was to exaggerate its social effects. In a country where social organization is as tough and tradition as powerful as in England, national habits are not altered even by an earthquake. In the stress of the time there was much self-deception; all issues were foreshortened; many obvious realities were overlooked; and, when they reasserted themselves, there was an inevitable disillusionment. But the

marks left both on the industrial and political sides of the labor movement were nevertheless profound, and, as far as can be foreseen, they are likely to be permanent. As events developed, two issues—the character of the peace to be made, and the social reconstruction which, by the statement of one Cabinet Minister after another, it was intended should follow it—came more and more to overshadow every other. Because it appeared to be the only rallying point for the international and social idealism which the war had evoked, and which alone seemed to justify its frightful sacrifices, the Labor Party drew increasing support from all sections of society. It took the initiative in 1917 in drawing up a statement on war aims in which the policy of economically crushing Germany was repudiated and the conditions of what seemed to it a durable peace were set out, and it became at the same time the political organ on which the hopes of a serious policy of social reform were increasingly concentrated. As a result, not by design but by the mere logic of events, it found itself no longer the political wing of an industrial movement, but a national party to which an increasing number of Englishmen of every type of experience looked to stand for a sane treatment of social and international issues, and to translate into practical action their hopes of a better world. The consequence of that changed position was the new Constitution adopted by the Party in 1918.

Into the details of the new Constitution I must not enter. Its guiding conception was to broaden the basis of the Party by making a bid for the support of all, whatever their personal economic affiliations, who shared its main conceptions, and with that object, it

did, broadly speaking, three things. First, it set out a comprehensive scheme of national, dominion and international policy, which finally disposed of the charge that the Labor Party had no interest except in industrial politics. Second, it set up an organization under which the basis of the Party, instead of being trade unions and socialist societies, would increasingly be individual membership in the local labor parties. Thirdly, and as a corollary of that change, it altered the constitution of the Central Executive of the Party in such a way as to increase the representation drawn from other sources than trade unions. Prior to 1918, that is to say, its organization bore the impress given it by the fact that it had been made possible by the entry of the unions into politics. On the eve of the war, for example, it had been a federation consisting of 123 National Trade Unions, three Socialist Societies, and 239 Trades Councils and Local Labor Parties; individual membership had hardly existed; and of the sixteen members of the Executive which governed it eleven had represented trade unions. After 1918, while the membership of the National Trade Unions was maintained, the balance of power was shifted from them to the local labor parties, which were to be organized, as far as possible, in every constituency, and were to admit, in addition to trade unions and socialist societies, individual members. The Constitution of the Executive was altered in the same way. It was to be elected from three groups—thirteen members from National Affiliated Societies (*i.e.,* trade unions and socialist societies), five from local labor parties, and four from women members. Hence, instead of the trade unions having as before a ma-

jority, they might in future be in a minority. In actual fact, on the Executive elected immediately after the new Constitution was adopted, they had only ten out of twenty-three members.

Constitutions are apt to be tedious, and I apologize for inflicting these details upon you. Nor do they usually operate in practice in the manner intended by those who drafted them. Let me turn from these paper provisions to examine their practical working in the six years and three Parliaments which have elapsed since they were adopted.

A political party in England has three main functions. In the first place, it is an instrument of political education, through which ideas and policies are put before the electorate, and the public is trained at once to discuss political issues and to take an active part in political work. In the second place, it is the machinery through which candidates are selected and the character of the House of Commons determined. In the third place, it is the organ which provides, if successful, a Government, and if unsuccessful, what is in England hardly less important, an Opposition. It may be judged broadly by three criteria: (1) its success in educating the electorate in political issues, training them in political responsibility, and enlisting their intelligent and active initiative and coöperation; (2) its success in returning useful and effective members of Parliament; (3) its success in securing, organizing and using the expert knowledge and advice without which the complicated problems of a modern community cannot be handled.

Tested by these standards, the Labor Party has certain deficiencies and certain virtues. On the one hand, since its financial basis is slender—it has noth-

ing corresponding to the large centralized war chests of Liberals and Conservatives, and the only elements in it which have considerable funds are the trade unions—it is perhaps somewhat unduly dependent on trade union money for fighting elections, and local labor parties, in selecting their candidates, are sometimes obliged to pass over abler men because they have not the financial backing which trade unions can offer to the men whom they put into the field. Not less important, compared with other parties, the Labor Party is still geographically a sectional party. Partly through historical causes which have entrenched the great landowner in most parts of rural England, partly through the weakness of trade unions in the villages, partly through the cost of fighting rural constituencies, partly, till recently, through its own neglect of agricultural questions, it is still almost entirely an urban party, and is only beginning to be an influence in the villages. Its strength is concentrated in the coal fields, in the manufacturing regions of the South of Scotland, the North and Midlands of England, and South Wales. Apart from one or two large cities, such as London and Bristol, its hold on the South of England is still weak. In spite of the fact that, judged by the number employed, agriculture is still the single largest British industry—though mining presses it hard—it has, till recently, made no attempt to formulate an intelligible agricultural policy. The result is that, while the farmers, almost the only section of British employers who cling to the old-fashioned objection to trade unionism, detest it as the symbol of labor unrest, it has, except here and there, made no powerful appeal to the large body of agricultural laborers,

and that the Conservative Party starts an election with fifty to sixty seats in rural areas in its pocket. As long as that situation continues, the Labor Party is not likely to form a Government resting on a clear majority of the House of Commons; and, not less important, not a tenth of the public interest aroused by industrial questions will be brought to bear on the vital problem of increasing the efficiency of British agriculture.

Against those defects must be set certain advantages. The financial weakness which hampers the Party in the choice of candidates, and limits the range of its influence, is, on the whole, salutary for its spirit. Since the central organization is weak, its life and activity are much more diffused throughout the local branches than is the case with parties better provided with funds and less dependent on missionary effort. The latter are normally well supplied with full-time agents, who keep the mechanism in working order between elections. Most labor parties cannot afford a salaried agent, and at the same time they carry on more continuous propaganda than both the other parties put together. As a consequence, the part played by the party machine, accounts of which figure so largely in the pathological chapters of modern political literature, is insignificant. The central office may advise and suggest. But the movement depends not on any elaborate organization, but on the voluntary enthusiasm of thousands of men and women who give their Sundays, and every evening as soon as the factory closes, to public meetings and to propaganda in trade union branches and cooperative societies, and who, when elections come, raise large sums in tiny subscriptions. Since they pay

the piper, they call the tune, and they, not any central organization, impose their policy at the annual conferences of the Party.

Nor has the limitation on the choice of candidates been so serious as might have been expected. The extent to which it has already been remedied is shown by the steadily increasing variety of occupation, education and experience in the ranks of the Parliamentary Party. Twenty years ago, in a study of the British Constitution, a well-known publicist wrote with contempt of the absurdity of returning to Parliament "a day laborer who could not write a grammatical letter and could not read a serious book." The criticism never had very much point. The "day laborers" in question were trade union secretaries, not less intelligent than most of the business men who bargained with them and who were returned to Parliament without arousing the indignation of the cultured. Today a more common criticism is precisely the opposite. It is that the policy of the Party is made by an intelligentsia, and that the innocent trade unionist, who, if left to himself, would regard this as the best of all possible worlds and everything in it as a necessary evil, is duped into supporting socialistic fads by academic theorists.

The second stricture, though more picturesque, is not more apposite than the first: it assumes a mental docility on the part of the former, and an unnatural acumen on the part of the latter, which, fortunately or unfortunately, has little relation to realities. What is true is that in the last ten years the *personnel* of the Party has greatly increased in range and variety, and that whereas on the eve of the war all but six of the Labor members were trade union officials,

at the present time, though trade unionists still predominate, the Parliamentary Party includes a steadily growing number of men who have come into the movement through different channels. Of the 194 Labor members in the present House of Commons, roughly 136 are connected with manual working occupations, and fifty-eight with what it is customary to describe as the liberal professions. In the former, by far the largest single group is the miners, who number forty-six. The latter are extremely miscellaneous, including fourteen journalists, twelve business men, twelve teachers, five lawyers, three doctors, and a miscellaneous group ranging from peers to the humblest of God's creatures, such as university lecturers.

It was, of course, the object of the new Constitution to broaden the membership of the Party by broadening the range of the interests to which it appealed, and the change in the character of its representatives is a proof that that result has been at least partially achieved. But in reality, the distinction between these elements in the Party is highly artificial, and the new Constitution did not extinguish it; it merely recognized that it was unimportant. The fact is that the coöperation of these various elements in politics is only possible because they are already thrown together in a thousand ways apart from them. Given that spontaneous fusion, their coöperation in politics is inevitable; and neither the one nor the other is conscious of differences to overcome, because they have been overcome long before the stage of parliamentary activity is reached. On the one hand, an increasing number of young trade unionists have received some form of higher education at one of the

residential colleges or through the classes of the Workers' Educational Association. On the other hand, the young university man comes far more closely and regularly than twenty years ago into contact with working-class movements. He goes down from the University, and becomes a university lecturer, or a barrister. He teaches the classes of working people which are now conducted by all our Universities, like the present Under-Secretary for India, or takes trade union cases in court, like the present Solicitor-General. Naturally, the workmen whom he teaches, or whose legal business he handles, ask him to represent them in Parliament. A trade union executive desires to carry through a large scheme of amalgamation, or to produce a convincing programme of industrial reconstruction. Naturally, it consults men like Mr. Webb, the present President of the Board of Trade, or Mr. G. D. A. Cole, who have given many years to the study of industrial organization. Universities are in difficulties because, in a fit of economy, a former Government has reduced the State grant. They learn that the only political organization to resist that policy is the Executive of the Labor Party, where a resolution denouncing the starving of university education is moved, not by an intellectual, but by the wife of the secretary of a union of unskilled laborers. Naturally, so far from regarding the Labor Party as the enemy of the children of light, they take steps to see that a labor chancellor provides increased grants in the future. The Workers' Educational Association, the main organization through which adult education is organized in England, desires to find a successor to its president, the Bishop of Manchester, himself a

member of the Labor Party, who is obliged to resign. It chooses as chairman the Secretary of the Trade Union Congress and as vice-chairman the head of an Oxford College, both long interested in the movement, and both members of the Labor Party.

All that the Labor Party has done is to systematize that informal coöperation, and to apply it to political purposes. The tradition of the movement in England —a sadly unromantic one—is that if social changes are to be durable, they must be effected in the light of as full a knowledge as possible of the factors involved, and that it is idle merely to denounce the existing order until one has some degree of clarity as to the nature of the evils to be remedied and the technique involved in remedying them. As a consequence the Party has been at pains to develop a system of advisory committees, on international affairs, education, public health, industry, finance and other matters, where students and administrators meet to discuss problems, draft reports, and prepare materials which can be used by the Party's representatives in Parliament. Naturally the experience of the doctor or barrister is as useful in drafting a scheme of public health legislation or law reform as is that of the trade union official in formulating amendments to the Factory or Mines Regulation Acts. It is as useful, but it is not more useful. He has to persuade his colleagues that his ideas will work, and there is no Machiavellian diplomacy by which the theories of those who are described to their embarrassment by the cheerless epithet "intellectuals"—in England a term of abuse—is imposed upon simple-minded workmen. The latter are quite capable of formulating their own ideas, and of defending them. In these cir-

cumstances it is not of any very great consequence whether manual or non-manual workers predominate in the parliamentary representatives of the Party. Probably the former will continue to be in a majority, and to me, at any rate, it seems highly desirable that they should. For its aim is not merely to create a new political structure with Labor as its foundation, but to secure that the rank and file of the wage-earners, long restricted to choosing between issues put before them, frame the broad outlines of the Party's policy themselves and impress their own conception of social expediency on public affairs. The best guarantee that this will be achieved is that the majority of the Party's representatives should continue to be men who have themselves worked in the factory and the mine.

The interests which have brought these different elements together are various, and I will endeavor in subsequent chapters to speak of other aspects of the Labor Party's programme. But it originated in a revolt of the wage-earners, increasingly supported by the professional classes, against certain phenomena of our present economic civilization. It is perhaps simplest, therefore, to take the different ingredients of its policy in the order in which they found a place in it, and to examine its conception of social reconstruction before discussing its attitude towards international affairs and educational questions.

Unless social aspirations are to be a somewhat demoralizing luxury, they require to be reconciled with economic realities, and the first question with which any thoughtful supporter of the Labor Party's industrial programme is confronted is whether the

economic prospects of Great Britain are such as to admit of the application of any far-reaching reforms. To that question some economists whose opinions are entitled to respect have been inclined in the last few years to give a pessimistic answer. Quite apart from the difficulties caused by the international economic anarchy of the past five years, they have argued that even in the decade before the war the economic portion of England was stationary or even slightly declining. A great part of Europe, and in particular England, lived by exchanging manufactured goods, and shipping and banking services, against raw materials and foodstuffs from the tropics and from America. Even before the war, with the growth of population, the law of diminishing returns was beginning to operate, it has been said, in some of the countries supplying the latter. As a consequence the real cost of obtaining them in the countries producing the former was rising, even before their civilization was disorganized by the destruction of capital, the interruption of communications and the demoralization of currencies. There was, in fact, a change in the balance of economic advantage between predominantly agricultural and predominantly manufacturing countries, which menaced, in particular, the standard of life of the English working classes, since England had carried specialization in manufactures to the farthest point. On this view the unemployment from which she has suffered since the autumn of 1920 is not a transitory phenomenon due merely to the temporary disorganization of the economic life of Europe by the war, but represents an actual excess of population over what can be supported at the level of comfort obtaining at the

beginning of the present century, before the rise in prices, which began in 1896, overtook the rise in wages, which it did about 1903, and to which, in defiance of economic possibilities, public opinion and organized labor still cling.

In these circumstances, it is idle, it is urged by one school of opinion, to concentrate attention on legislative proposals designed to alter the distribution of wealth or the organization of industry. At best they must be trivial; at worst they may be mischievous. The real problem lies in another region. It is that of production and population. If some new impetus could be given to the production of wealth such as that which occurred after 1815, England might solve her economic problem in the twentieth century, as, thanks to coal, machinery and railways, she escaped in little more than a quarter of a century from the economic crises left by the Napoleonic wars. But such a development, however desirable, is hardly to be expected. In its absence her population, already too large, must find increasing difficulty in supporting itself. In the absence of deliberate restriction, it must either acquiesce in a lower standard of real wages, or carry a permanent and probably a growing proportion of unemployed workers, or emigrate. In any case, it is said, things are in the saddle and ride mankind; policies cannot alter economic facts; and the mass of the working classes have little but new disillusionments to obtain from forming a new political party. That, or something like it, is, I take it, the thesis of those economists who see the Malthusian devil, chained for a happy fifty years, loose again and roaring. In a book just published, an able French publicist has pursued the same line of thought, con-

trasts the precariousness of England's economic powers with what he calls *"la belle sécurité de la France agricole,"* and prophesies that, organized for world markets which she cannot retain, the fate of England may be that of Austria, a capital stripped of its economic empire.

Suggestions of this kind raise questions which are of absorbing interest, but which are too large to discuss at length. I mention them because they partially explain, I think, the indulgent superiority with which some critics, in particular liberal critics (who by tradition are sceptical of the practicability of modifying economic forces by human intervention), regard the preoccupation of Labor with questions of industrial reconstruction, and because every thoughtful supporter of its programme is under an obligation to define, at least in outline, his attitude towards them. His answer to the case advanced would, I think, be twofold. In the first place, he would point out that the assumption of arrested progress on which this argument reposes is, at best, highly hypothetical. It is, of course, quite true that, owing to England's dependence on foreign trade, a revival of economic activity on the continent is peculiarly vital to her. But the sting of the doctrine to which I have referred is that her present difficulties are not due merely to political causes which can be removed, but are the expression of a secular movement, which the war, indeed, accelerated, but which was the result of large economic causes in operation before it, and which the resettlement of economic conditions cannot seriously affect. That view of the situation is interesting, but the evidence for it appears to be extremely fragile. Acute unemployment is no proof of it, for our unem-

ployment is not more than can be explained by the decline of purchasing power abroad, the destruction of capital, the interruption of intercourse and the maladjustment of the labor supply due to the difficulties of transferring a large population from industries which expanded in war and contracted in peace. Statistics do not suggest that before the war the return to each unit of economic effort was declining. On the contrary (though the statistical material is not quite satisfactory) the real cost of foodstuffs in terms of coal, metals and manufactured goods appeared to have been falling. It is not the case again that England is faced with the necessity of supporting with stationary resources a rapidly growing population. On the contrary, if there were a continuance (which of course there conceivably may not be) of the present rates of birth, deaths and emigration, population would increase to forty-five or forty-six millions about 1941 and after that diminish.

Nor is it, it would be argued, merely in its statement of economic facts that the interpretation which regards public policy as irrelevant to the economic problem before Great Britain is mistaken. Even if that analysis of the economic situation were accepted, the conclusion that industrial reconstruction is unimportant would appear to the supporter of the Labor Party to be a *non-sequitur*. If it were true that the output of wealth per head were not increasing, it would be doubly important to ensure that it is distributed in the most equitable and economical manner. A rich nation, he would argue, may be able to afford the luxury of a leisure class; a poor nation must resign itself to the painful sacrifice of foregoing it. If it were true that productive powers were con-

tracting, it would be doubly important to concentrate on the elimination of waste, to cut out all superfluous charges on production and distribution, to find some way of reducing the considerable margin of 175,000,000 pounds, which, as our Director General of Food production estimated, is the difference between the consumers' payments for foodstuffs and the producers' receipts, to develop the schemes of electrification by which, as the experts told us during the war, we might expect to save 100,000,000 pounds a year on the consumption of coal—to make certain, in short, that such productive powers as the nation can command are used for the best purpose.

Economic progress depends, after all, upon two broad groups of factors—on the one hand, natural resources, inherited economic advantages, accumulated momentum; on the other hand, human energy, intelligence, science and organization. If the first are scanty or failing, it becomes more crucial than ever to cultivate the second. Great Britain has for a generation passed out of the age of easy affluence which reached its zenith in the last third of the nineteenth century. With the world-wide adoption of modern industrial technique, she has lost the adventitious advantage of mere priority. She has found her true level, and the process has been as morally salutary as it has been economically disagreeable. But the changed situation imposes a change of policy. She must conserve her natural resources, develop by improved education the capacities of all grades of her workers, cultivate science not only in coping with physical nature but in organizing industry and social institutions, and take every possible step to ensure

that production is carried on in an atmosphere of good will and coöperation.

The moral which the thoughtful member of the Labor Party draws from an examination of the present industrial situation of Britain is not, therefore, that a programme of social reconstruction is irrelevant or superfluous, but that it is vital, not only to the special interests of the wage-earner but to the future of the country as a whole. When, with these reflections in his mind, he asks himself how far in fact we succeed in mobilizing our national economy in the most efficient manner and in distributing the products in such a way as to produce the greatest aggregate well-being, how far we satisfy the most urgent needs for housing, health and education before the less urgent for luxuries, to what extent we have been successful in securing that every member of the community makes his contribution to the stream of goods and services from which all incomes are derived, and is in a physical and mental condition to make it effectively, it appears to him that though much progress has been made, the resources of civilization are not yet exhausted.

The very improvements which have taken place in his own lifetime confirm his impression that further improvements are not impracticable. Let me put before you what I take to be the psychology of the average worker, who, much more than any writer or theorist, determines, I am happy to say, the character of the labor movement in England. If he is a railway man, he remembers the time when railway directors declined to "recognize" the Union or to allow their agents to bargain with his. If he is a chain-maker or a garment-worker, he can look back upon the history

of hours so long and wages so low that even the cold precision of official reports could describe them as "sweating"; if he is a dock-worker, he can recall the days when a horde of casual laborers scrambled for two days' work a week at the dock gates. If born in the same year as myself, he probably left school between ten and eleven, and may even possibly have seen his parents end their days in the workhouse. He asks himself what it is that has brought about such improvements as have taken place in his position, what it is that has given him increased comfort and security and dignity in his work, what has improved the health and education of his children, what has blunted the edge of unemployment and has done something to lift the shadow of poverty from his old age. And when he considers the answers to these questions, he finds, as it seems to him, that these results have been brought about, not by a fatalistic acquiescence in the free-play of economic forces, but by deliberate and continuous intervention on the part both of voluntary associations and the State. He sees that in most of staple industries, especially those (like textiles, mining, engineering and shipbuilding) which face keen competition in the foreign market, more than 90 per cent (and in certain of them, like cotton spinning or certain coal fields, virtually 100 per cent) of the operatives are organized, and that today collective bargaining is, in fact, one of the Constitutional Liberties of Englishmen. He sees that, since the employer is accustomed to carry on his business under rules made not by himself but by joint bodies, acting for an industry as a whole, which as an individual he is powerless to alter, he is less inclined to claim immunity from State control, and

that as a consequence the area over which public authorities intervene to regulate conditions of employment steadily increases. He sees that in his own lifetime the public expenditures per head of population on social services have increased more than twice, and that whereas in his youth more than half of it was derived from taxation on commodities in general consumption, today approximately two-thirds of it is raised from income tax and death duties.

These changes seem to him to be beneficial, and he is so reckless as to desire that they should be carried further. Rebuked from time to time as a Socialist, he is at once consoled and bewildered by remarking that other parties, while loudly proclaiming their hostility to Collectivism, nevertheless, when it comes to the point of practical legislation, do in fact introduce Collectivist measures, that the partial communalizing of public health and education was mainly the work of Conservatives, that old-age pensions and provision against unemployment were the work of Liberals, that the most recent extension of minimum wage legislation was the work of a coalition of both together, and that the extension of municipal enterprise is carried forward, though slowly, by members of all political parties. And he reflects, with a sigh of relief, that after all he may not be as disreputable as he was led to suppose.

But, while giving credit where credit is due, he observes also that from the two old parties such legislation is secured only after prolonged agitation, and that, when secured, it is sometimes stultified by laxity in administration. The conclusion he draws is twofold. The first is that social policy is likely to be, at least, accelerated if it is intrusted to a party di-

rectly controlled by those for whose benefit it is designed. In the second place, without at all underestimating the repercussion on his standard of life of world economic conditions, experience seems to him to suggest that the improvement in social conditions which he desires is to be sought along four main avenues: first, the establishment of minimum standards of life and employment with regard to wages, safety, health and hours of work, such as is represented by factory and minimum wage legislation; second, the extension of communal provision, such as is represented by the public health and education services, by old-age pensions and by maintenance during unemployment; third, the further gradation of taxation by means of an extension of the death duties and of the supertax on large incomes, in such a way as to diminish economic inequality and to make available the resources needed to finance new social services; and fourth, the development of public enterprise both by local authorities and by the transference of certain foundation industries, in particular coal, the provision of electrical power, and railway transport, to the hands of suitably constituted public authorities. The expediency of particular measures embodying each of these four lines of policy is a fair matter for economic controversy, with regard to which members of the Labor Party themselves would differ. Neither of them is new; neither, except by an abuse of language, can properly be characterized as revolutionary; each has in the past been followed intermittently, under public pressure, and without any clear appreciation of its place in a general scheme of social reorganization. He desires to see them pursued consciously and systematically

as mutually complementary elements in a deliberate policy of increasing social equality, establishing the material condition of a good life for the largest possible number of human beings, and securing, as administrative machinery can be devised and economic organization is ripe for the change, that the foundation industries of the country are conducted as public undertakings with a single eye to the service of the community.

This fourfold programme will obviously require, not one session, but several Parliaments to carry out. But it cannot, it may be suggested, be described by the damning word impracticable, since to some extent, it is in fact already practised; and, leaving the last item in it for discussion in the next chapter, let me touch shortly on certain specimens of the other three. The establishment of minimum standards of employment has long been accepted in principle. For three generations a factory code has gradually been extended, regulating the hours of women and young persons and laying down provisions as to sanitation and safety; and, since the first tentative measure of 1909, Trade Boards have been established to fix minimum standards of payment, which have grown in the interval from four to sixty-three, and now determine minimum rates for about three million workers, of whom approximately 70 per cent are women. But the application of the principle leaves much to be desired. Our factory legislation, immensely valuable as it has been, has not kept pace either with the changing conditions of industry or with the advance of public opinion. Our Trade Boards System has, in my judgment, been the most successful piece of social legislation of the last twenty years, and has been wel-

comed both by the workers concerned and by a large number of employers. But the farmer and the landowner have stood stiffly against its application to agriculture. Even in manufacturing industry, when the slump came in 1921, a considerable number of employers complained that in times of falling prices the procedure involved the lapse of some four months before wages could be readjusted—an objection which they had overlooked when prices were rising—and the Government of the time, though it did not venture to amend the Trade Boards Act, discouraged by administrative action the extension of the system. Naturally the Labor policy is to develop as rapidly as practicable and as far as possible the protection against overwork or under-payment offered by this type of legislation. A Factory Bill has been prepared and is to be introduced (I understand) next session, the provisions of which are not yet public, but which, it may perhaps be anticipated, will fix (with due exceptions for continuous processes) a normal working week of forty-eight hours for all adult workers (not merely for women and young persons, whose hours have been now limited for seventy years, but of men as well) and will stiffen the provisions with regard to health and safety in work. The extension of the legal minimum by the establishment of Trade Boards has been resumed. And when I left England, a bill for extending a similar system to agriculture was in Committee, which, if carried, will establish a legal minimum wage for approximately 1,200,000 additional workers.

Into the economics of this policy I must not enter. It has been the subject of repeated investigations, the last an excellent study of the Trade Boards System

by an American. Though there is naturally a difference of opinion as to particular applications of it, it would be agreed, I think, that the fear that it would react unfavorably on costs, prices and employment has, on the whole, not been justified, and that the ability of industry to readjust itself to meet higher wages and shorter hours has proved to be much greater in practice than was formerly supposed. Not less important has been the increased provision which has been made for unemployment. The maintenance at present offered to unemployed workers in England consists, broadly, of two main types, the Unemployment Insurance Acts, under which some 12,000,000 workers are insured, and the Poor Law. But it is obvious that merely to continue the policy of offering maintenance to the unemployed worker, without taking steps to reduce the volume of unemployment, is at once a costly and unintelligent method of coping with the problem. It is obvious that among the causes of our present unemployment the single most serious is the partial paralysis produced by the results of the war and the peace. It should be obvious that, quite apart from the abnormal circumstances of the past five years, industry is in normal times affected by unemployment of several different types, that, in the absence of countervailing action, those types of unemployment which existed before the war will recur when the present crisis is over, but that, as long as the present abnormal conditions obtain, they cannot be handled effectively because they cannot be isolated and examined in their true proportions. In so far as unemployment is due to the present international situation the Labor Party hopes to reduce it by pursuing, in conjunction with other nations, a

policy which will permit of the revival of prosperity in Europe. In so far as it is due to defects of industrial organization of a more permanent character, it hopes, if not to solve, at any rate to mitigate the problem by breaking it up into its main parts. Steps are being taken to offset the contraction in the private demand for workers by pushing forward, now that trade is slack, with schemes for the development of electrical power and with building. A committee of trade unionists and employers is at work on the very grave problem of casual labor which exists at British ports, with a view to attempting to substitute a guaranteed week for the present system of irregular engagements. Public opinion is at length awakening to the absurdity of pouring children from school into industry at the rate of 600,000 a year, when more than 1,000,000 adults are unemployed, and the Minister of Education has announced that he will consider favorably proposals submitted to him for raising the age of school attendance. In the meantime, with a view to making more adequate provisions for those workers who are unemployed, the Government has carried legislation increasing the rates of insurance benefits payable, and removing the time limit after which, up to the present year, the right to benefit under the Insurance Acts expired.

With all their defects, the Unemployment Insurance Acts have enabled Great Britain to carry over a crisis, which, in their absence, would have been intolerable, and it was a piece of extraordinary good fortune that before the war began the first of them had set up machinery which could be developed later. The Labor Party regards them as one item in a general plan by which the surplus wealth of the com-

munity is made available for raising the general standard of life. It intends to carry the same policy further by extending old-age pensions, now available (except in the cases of the blind) only for some 895,000 persons over seventy, by establishing pensions for widows, by extending the services concerned with public health, and by making educational facilities as far as possible free and universal. Such a policy involves a steady increase of expenditure. Its cost can only be defrayed by taxation. Let me conclude by saying something about what I conceive to be the Labor attitude towards financial policy.

Contrary to some prevalent opinions, the criticism which might most justly be brought against the financial policy of Labor is not that it is novel, but that it is singularly lacking in originality. Nor was the proposal for a capital levy (which, of course, is not designed to meet current expenditure) an exception to that statement. The phrase itself is an unfortunate one, since, owing to the ambiguity of the word "capital," it easily lends itself to misrepresentation. All that it amounts to is a suggestion that on a single occasion the taxpayer should be assessed, not on his income, but on the capital value of his property, that on the basis of that assessment a non-recurring levy should be imposed on a steeply graduated scale on properties in excess of £5,000, those below that figure being exempted, and that the proceeds should be applied to one purpose and one purpose only—the redemption of as large as possible a part of the war debt. It should properly be called, in fact, a "War Debt Redemption Levy."

That suggestion, I regret to say, though adopted

by the Labor Party, was not invented by it. The first occasion on which I came across it was, I think, in a book published about 1719, when, after the long war with Louis XIV, an economist, alarmed at a national debt which reached the appalling figure of nearly 20,000,000 pounds, proposed that a special effort should be made to pay it off. After 1815, when the national debt was about 860,000,000 pounds, it was advanced by no less a person than that most reputable of stock brokers and economists, Ricardo. During the last war the merits of a War Debt Redemption Levy were a common subject of discussion among British economists, in the pages of that severest of academic organs, *The Economic Journal.* It was first made a public question, I think, not by the Labor Party, but by a Liberal member of Parliament. When the proposal was laid before the then Conservative Prime Minister, he appeared (while expressing no opinion as to its expediency) to assent to the view that it was in itself a perfectly legitimate method of taxation. It has, therefore, antecedents of unimpeachable respectability, and, in fact, a capital levy on a small scale has already existed for thirty years, in the shape of the death duties. If Mr. Smith dies, worth two million pounds, the Treasury demands, roughly, eight hundred thousand pounds from his estate. It is a little difficult to understand why the demand should be described as robbery, merely because Mr. Smith dies a month after it is made, instead of a month before.

The economic wisdom of the proposal and its administrative practicability, are, of course, another question, the answer to which depends on changing circumstances, and which is a fair matter for con-

troversy. The reasons which made it seem expedient, were, roughly, I think, two. In the first place, British industry is subject to a mortgage involving a payment of roughly 300,000,000 pounds to 320,000,000 pounds in the shape of interest on the national debt. If, and as, prices fall, the real weight of that burden will, of course, be steadily increased; the difficulty of balancing the budget will be increased correspondingly; and, if that happens, we shall regret, when it is too late, that we did not lift as large a proportion of the dead weight as possible by a single effort. In the second place, that initial charge tends to check expenditure on other and, in the interests of posterity, even more vital purposes. It is true, of course, that it does not represent a net diminution in the taxable capacity of the nation, since what one taxpayer surrenders in order to pay interest, another receives when the interest is paid to him. There is, in short, a transference of wealth, not a diminution of it, and if the capacity of one group to pay taxation is diminished, that of another, though not in the same proportion, is increased. But the taxpayer is not, unfortunately, an economic rationalist; he remembers what he pays, and forgets what he receives; and as long as he sees that a sum of 300,000,000 pounds is abstracted from his pocket to pay interest on the national debt, he is tempted to save money on other services, such as health and education, where economy is waste.

Owing to the heavy fall in prices since their peak in July, 1920, the arguments for the policy are weaker than they were, and the Labor Government has now referred the whole question of the national debt to a commission of inquiry. For the rest, its conception

of national finance proceeds on orthodox lines. It has already, in its first budget, reduced the taxation on articles in general consumption. It is likely in the future—though I speak without authority—gradually to increase, and to graduate more steeply, the supertax and death duties. For, without ignoring the importance of refraining from diminishing the incentive to economic effort, it believes that by wise expenditure on the improvement of health and intelligence it can add largely to the economic resources of the nation, the principle of which—a truism sometimes forgotten—consists of human beings. It holds that once the habit is established, men with large means are much more ready to be public-spirited than is usually supposed, even by themselves, and that they, as well as their poorer fellow-countrymen, will gain by the establishment of greater economic equality. It will endeavor, in short, to diminish the temptations of the rich, and to make it somewhat easier for them to cultivate, in a practical form, the difficult virtue of fraternity.

LECTURE III

THE LABOR MOVEMENT AND THE NATIONALIZATION OF THE COAL INDUSTRY.

I SUGGESTED in the last chapter that the Social programme of the British Labor Movement might be analyzed into a demand for the development of four main lines of policy—the establishment of minimum standards of life and of work; the expansion of commercial services, from which all members of society benefit, irrespective of their incomes; the use of the instrument of taxation to make surplus wealth available for the common good; and the application of measures which will secure gradually, with due regard for vested interests, as administrative machinery can be devised and as economic organization is ripe for the change, that the foundation industries of the country, on which the life of the whole nation depends, are transferred to public ownership and conducted as public undertakings with a single eye to the service of the country.

I should have liked, had time permitted it, to discuss in detail how economic experience in England suggests that measures of this kind may be expected to work, to examine the practical operation of minimum wage legislation, widely different, as it has been, from the anticipations formed of it both by most economists and by practical men, and to speak at some length of the perplexing problems of housing and unemployment. But the patience of even the most indulgent audience is limited, and I turn from these questions to consider, in connection with the specific

issues presented by a single industry, the policy of public ownership, which appears, in one form or another, in the social programmes of all the progressive parties in Europe, and of some outside it, and which is, perhaps, the point where the attitude of Labor differs most sharply from that of some of its critics.

If, instead of traveling over a wider and more theoretical field, I select for detailed consideration the proposals made for the nationalization of the coal industry, it is not merely because coal is the material foundation of modern civilization, nor because, not only in England, but on the continent and even in this country, it has been a subject of pressing public preoccupation. It is that, if the reorganization of industry is to be the subject of serious examination, it must be discussed, not merely in the rarefied atmosphere of economic generalizations, but in the concrete setting of a particular industry and a special group of economic circumstances, and that it is in connection with the coal industry that the technique of reorganization has been most thoroughly worked out. All over Europe during the last six years, in Germany, Italy and England, as well as in Russia and Eastern Europe there has been an immense debate on fundamental questions as to the structure and control of industry. These questions seem likely to arouse in the twentieth century the same intellectual interest and emotional enthusiasm as were created by those of political democracy in the nineteenth. They evoke similar hopes; they are watched with similar anticipations of disaster; and their solution both depends on more subtle and less predictable forces—consider only the psychological problems involved—and may be fraught with even more tre-

mendous consequences. But if a solution is to be found, it will only be found, it may be suggested, not by enunciating a general formula, but by a procedure which breaks up the issues involved and handles each in its own limited environment of economic circumstances and administrative mechanism.

To discuss the relative advantages of private and public ownership, except in relation to the specific problems presented by a particular industry and without defining what particular type of each is the subject of reference, is today as unhelpful as to approach modern political issues by way of the Aristotelian classification of constitutions. I remember the experience of a friend of mine who, when walking in the west of Ireland, asked an elderly peasant the way to a certain place some distance off. The sage replied: "If I were to be going to Strokestown, I shouldn't start from here." Unfortunately problems of industrial organization do not lend themselves to solutions of a similar simplicity. "Here" is normally the most inconvenient place from which to start, and the only place from which a start can be made.

The abstract dialectics as to "private enterprise," "initiative," "bureaucracy," "red tape," "democratic control," "public service," which during the last year have filled the European press, and of which some writers who should have known better have not been wholly innocent, really belong to the dark ages of economic thought. The task of economists, whatever their personal views as to policy, is to restore sanity by insisting that, instead of the argument being conducted with the counters of a highly inflated and rapidly depreciating verbal currency, the exact situation, in so far as is possible, shall be stated as

it is; uncertainties (of which there are many) shall be treated as uncertain; and the precise meaning of alternative proposals shall be strictly defined. They may not find a solution. They will at least do something to create the temper in which alone a reasonable solution can be sought. Perhaps, therefore, you will excuse me if I inflict upon you, before I go on to discuss the question of policy, some of the broader and more elementary facts with regard to the British coal industry and its relation to the national economy of Great Britain.

Judged merely by the magnitude of its operations the coal industry has been for the last thirty years the most important of British industries except agriculture. Judged by its place in the economic life of the community, and by the dependence upon it, not only of the comfort, but of the whole industrial activity of the nation, it is easily the most important of all. Under the industrial system which has grown up in the last century and a quarter, coal is quite literally the foundation of British wealth. It is the magnet which draws raw materials from the ends of the earth, the raw material which enters into the cost of every manufacture, and the export which, by saving ships from going out in ballast, cheapens imports and contributes to the expansion of British shipping.

To understand the problems which now confront us, it is necessary to know in outline how this great industry is at present carried on. The proved coal resources of the country are not large, judged by the standards of America, which has more than half the known deposits of the world; but, tried by European criteria, they are considerable. Their total extent in

seams of one foot and more in thickness was stated by the Commission which reported in 1905 to be 100,914,000,000 tons above the depth of 4,000 feet, and 5,239,000,000 tons below the depth of 4,000 feet. In English law the owner of the surface performs what is, since the earth is round, a geometrical impossibility: he owns the minerals under it down to the center. Those deposits, or those of them which are worked, are the property of some 4,000 separate owners, including individuals, firms and companies, the total income derived from them in royalties being approximately 6,000,000 pounds. The minerals are leased by the owners to about 1,450 lessees (whom we call rather inaccurately the "mine-owners"), who work them through some 3,150 coal mines situated in a dozen different coal fields and organized in twenty-two different districts. The capital invested in coal mines was estimated as 135,000,000 pounds, in 1913, but has since then considerably increased, and the number of shareholders as 37,316 in companies engaged in coal-mining only, and 94,723 in companies engaged in coal-mining and allied industries, figures which, however, in all probability, contain numerous duplicates. The total number of workers engaged in the industry grew rapidly in the twenty years preceding the war. From 1894-1898 it averaged 680,800; in 1908, it was 972,232, and in 1914, 1,110,884. The increase in the total output of coal was equally remarkable. From 1894-1898, it averaged 195,005,000 tons; in 1908, it was 261,500,000 tons; in the five years from 1909-1913 inclusive, it averaged within a fraction of 270 million tons. At the same time, with the exhaustion of the more easily available coal and with the deeper workings thus made neces-

sary, the output per worker had fallen: from 1894-1898, it averaged 286 tons, from 1909-1913, 257 tons. There is no foundation, of course, for the comparison made by ignorant or prejudiced persons between the average output of a miner in Great Britain and that of a miner in the United States. One might as reasonably compare the timber produced in England with that obtained from the virgin forests of America. In the United States much coal is still obtained from surface workings. I remember once asking an American who came from a coal district how deep the shafts were in his coal fields. He asked me what shafts were, and when I explained he said that in his district they dug the coal out of the side of the hill. In Great Britain it must be laboriously won after elaborate engineering operations by men who not only descend as deep as 2,000 to 3,000 feet into the bowels of the earth, but who, when they are underground, must walk one, two, or even three miles to reach the coal face.

What becomes of the coal when it is raised? About 6 per cent is consumed by the collieries themselves. The remainder is carried in small consignments and almost entirely by rail (for the canal and the coasting traffic are insignificant) to the principal distributing centers, in some 1,400,000 to 1,500,000 wagons, of which 800,000 are estimated to be the property of the railway companies, and the remaining 600,000 to 700,000 the property of more than a thousand separate collieries and merchants, each of whom reserves its own trucks for its own use. On reaching the distributing centers the coal is allocated to one of three main uses. Of the 287,430,000 tons raised in 1913, 73,400,000 tons were used for bunker or for ex-

port, and 214,030,000 tons were consumed in Great Britain, of which rather more than three-quarters were used for industrial purposes, and rather less than a quarter went to supply the needs of the householder. Before, however, coal used for domestic consumption reaches the actual consumer, it passes through the hands of a series of agencies who are responsible for carrying out its distribution. Much of it (a) is sold by the colliery to a factor; (b) sold by the factor to a merchant; (c) sold by the merchant to the consumer, or (d) in some cases sold to a dealer, who (e) sells it to the consumer. Not all these stages are gone through in every case. The distributive agencies are, however, very numerous. According to evidence recently collected the number of factors is approximately 1,500, and the number of retail distributers 27,000 to 28,000.

The system in operation before the war, then, was one under which some 1,500 companies got about 270,000,000 tons of coal from some 3,200 pits and sold it to numerous distributers for the best price they could get, while the distributers in turn sold it to each other or to the consumer and charged what price they could extract by the higgling of the market. Competition between colliery companies was probably as free as it ever is between any producers, and freer than it is between most, though to say that is, perhaps, not to say very much. Various attempts at combination had been made in the past, in order to eliminate waste and maintain prices. Prior to the war, as at the present day, local rings of colliery companies settled the price to be charged from time to time in particular markets, so as to avoid underselling each other; there were agreements, formal

or informal, between merchants; some markets were dominated with greater or less completeness by a few large distributers; and, of course, as far as questions of wages and conditions of labor were concerned, the mine-owners were strongly organized in their local associations, and in the Mining Association of Great Britain. But, though particular combines had been established, all the plans for comprehensive amalgamation, whether by districts or nationally, which had from time to time been mooted, had broken down. The consumer suffered from price rings, but he reaped none of the economies of concentration and organization. The mine-owners, indeed, had hardly more affection for each other than they had for the miners. Even the most obvious and essential schemes of coöperation, with regard, for example, to the drainage of water-logged areas, had sometimes been frustrated by their intense invidualism.

On this system came the war, and the war brought the coal industry, as it brought other industries, into a new relation to the State. The principal legislation affecting it had in the past consisted (a) of the Coal Mines Regulation Acts, of which the first was passed in 1842, and the last in 1911, and which were concerned mainly with safety; (b) of the so-called Miners' Eight Hours Act of 1908; and (c) of the Miners' Minimum Wage Act of 1912. From 1915 onwards the whole position was changed. A new system of regulation was introduced, which had as its objects (a) to secure the maintenance and increase of the output of coal, which was threatened by the immense scale on which the mine-workers enlisted, (b) to control the export of coal, partly for economic, partly

for political and diplomatic reasons, (c) to protect the home consumer against famine prices, (d) to secure the most economical distribution of coal between different parts of the country, (e) to prevent the interruption of the industry by disputes, and (f) to keep the less remunerative collieries at work by subsidizing them from a levy imposed on the remainder.

In February, 1915, the Coal-mining Organization Committee was established, and in May, 1915, the Coal Exports Committee. In July, 1915, the Price of Coal (Limitation) Act was passed, which fixed pithead prices at a maximum of 4s. per ton over pre-war prices, at the same time giving the Board of Trade power to vary the maximum by order, but did not interfere with retail prices. In December, 1915, the Central Coal and Coke Supplies Committee was set up to regulate supply and distribution, and in June, 1916, power was taken under a Defence of the Realm Regulation to make orders as to priority of supplies. In November, 1916, another Defence of the Realm Regulation gave the State power to assume complete control of all coal mines and of enterprises connected with them, and an order was issued at once applying control to South Wales. In February, 1917, the whole of the coal mines of Great Britain were brought under control, and a Coal Controller's Department was established, in which was merged the Coal Mining Organization Committee and the Central Coal and Coke Supplies Committee, while an Advisory Board, composed of an equal number of miners and coal-owners, was appointed to assist the Controller. In February, 1918, the Coal Mines Agreement Confirmation Act was passed, which gave statutory sanc-

tion to an agreement reached between the Coal Controller and the mine-owners in July, 1917.

The system was extremely complicated, and I will not inflict the details upon you. The essence of it was, that in order to meet a temporary emergency, the State, while leaving the industry in private hands, and without introducing any fundamental changes in its organization, extended its control over the price, export and internal distribution of coal, guaranteed what was called a standard profit to the mine-owners, imposed (in addition to a heavy excess profits duty) a levy of 15 per cent on collieries making above the standard to be used in subsidizing collieries whose profits fell below it, and arranged, since it controlled the finance of the industry, that advances in wages should be given on a flat rate throughout the industry as a whole, instead of varying from one coal field to another. This system lasted, with certain modifications, down to March, 1921. But meanwhile, at the end of 1920, had come the great collapse of the foreign market, resulting in a sharp decline of the export of coal. Terrified by the financial loss involved, the Government abolished "Control" with less than two months' notice, and the step necessarily involved the abolition of the existing system of regulating wages. The result was the greatest labor dispute in British history, which stopped every colliery in the country from March to July. When the struggle was over, except for a new wage agreement, which is too technical for me to discuss here, the industry reverted substantially to pre-war conditions.

It reverted to pre-war conditions. But it did so only in the teeth of embittered opposition from the miners and of the disapproval of a considerable body

of expert opinion. For immediately after the war, in the spring and early summer of 1919, the whole organization of the industry had been examined by a Commission, presided over by that most venerable of British institutions, a Judge of the High Court, Mr. Justice Sankey. The most eminent experts gave evidence before it, and it had ended in the chairman issuing a report in which he recommended the transference of the industry to public ownership, which won in substance the support of the miners and of the Labor movement as a whole. The present Labor Government, dependent as it is on the support of one or other of the other great parties, is in no position to give it effect. But it may probably be assumed that, if it secures an independent majority, it will endeavor to carry out the proposals for the nationalization of the coal industry laid down by Mr. Justice Sankey. The question is, therefore, one of considerable practical interest, and I should like to explain the considerations which, as I assume, led him to advance his unexpected and far-reaching recommendation.

Since the train of circumstances leading up to the appointment of the Commission had been due primarily to industrial action taken by the miners, it was not unnatural, I think, that the general public should assume that the question was one in which the miners were primarily concerned. The suggestion was put forth by the press that, in recommending nationalization, Mr. Justice Sankey had been more concerned to avert a grave industrial crisis than to safeguard the interests of the consumers of coal. That view was, perhaps, to be expected, and it was obviously the cue of the owners to drive a wedge, as far as possible,

between the miners and the general public. In reality, however, that was quite a fanciful picture. The views of the miners with regard to the future of their industry are, of course, of great importance. If the Government were proposing to determine the future organization of the medical profession or of the universities, it would pay attention to the views of the doctors and the university teachers. Our miners are a body of professional men, and they have the same right to be consulted in regard to their occupation. They have the same right, but they have no more right. They themselves have always said that, in asking for nationalization, they were not concerned merely or primarily with material advantages, but that the general efficiency of the industry would be improved by its nationalization, and that as a result of it they would secure an improved status in their relations with the public. Whether or not that is so, what actually happened as soon as the Commission got to work was what might have been expected. It found it impossible to consider the question of wages and hours without at the same time considering the general question of the organization of the industry on which its ability to bear certain hours and wages depended.

When the Commission approached that general question of industrial organization, it found that the picture which had hitherto been drawn was largely misleading. So far from its being the case, as had been suggested, that the consuming public was the victim of the rapacity of the miner, the actual position appeared to be that both the consumer and the miner were the victims of the deficiencies in the manner in which the industry was being carried on.

The facts, or allegations, which, it may perhaps be presumed, determined the attitude of Mr. Justice Sankey, and which led him and the three business men who signed his first report to say that, "even on the evidence hitherto given, the system of ownership and working in the coal industry stands condemned"—did not come primarily from the miners or from the colleagues who were working with them. They came, I think, from persons of quite unimpeachable respectability—in particular, from two official witnesses. One of them was a member of a great firm of chartered accountants and was at the time acting as financial adviser to our Coal Controller. The other had been a colliery manager and director, Chief Inspector of Mines at our Home Office, and at the moment was Technical Adviser to the Coal Controller.

The first point in the evidence was a very simple one. The cost of getting coal varies enormously from district to district and from pit to pit. It varies primarily owing to differences in actual conditions which are largely, though not altogether, beyond human control, such as the quality and the position of the coal, the depth of the shaft required, the presence or absence of stone or water, the amount of "dead work" which must be carried out in driving drifts before one can get to the mineral itself, the proximity of the mine to transport facilities, or ports and harbors. The Commission found, when it got figures from some 458 collieries at the time just prior to its sitting, that the cost of getting a ton of coal varied from 12s. 6d. up to actually 48s. a ton. But all the coal of the same quality tends to sell at the same price in the same market, and that price must be high

enough to enable the least favorably situated mine to go on producing, for otherwise it will close down, and the price of coal will rise until it comes into operation again. The result is that, side by side with the variations of cost, you have, as a consequence, a large variation in the profits. The Commission found, looking into the profits of those 458 mines, that about 8 per cent of the output was produced at a loss, that another 8 per cent of the output was produced at a profit of less than one shilling a ton, that more than half the output was being produced at a profit of more than three shillings per ton, and 27 per cent of the output at more than five shillings a ton, up, finally, to a profit of from 10s. to 16s. per ton. What this means, in effect, is that the price which is bankruptcy for one colliery is a fortune for another. At a time when it is important to husband our national resources, as it is today, and to see that every penny is spent in the most economical manner, it seems, at any rate, questionable whether an arrangement under which dividends of from 20 to 40 per cent were paid to shareholders who, however meritorious, have never themselves seen a colliery district, is the most economical way of using the resources of the country.

The financial wastefulness of the present arrangement came out clearly in connection with the price problem. In January, 1918, our Coal Controller had put 2s. 6d. upon the price of coal. At that time quite a number of mines were paying dividends of over 20 per cent. We asked him why he increased the price of coal. The reason for his action was that 13 per cent of the total output was being produced by collieries which were not paying their way. In order to bring

those collieries above the margin of profitableness, the price was raised, with the result of still further increasing the profits of those collieries which were already making very large profits indeed. He stated that, if he had had a free hand in the matter, he would have followed the opposite course. Instead of raising prices, he would have pooled the surplus profits and used them to reduce the cost of coal to the consumer, to level up working conditions for the miner, and to bring the equipment of the poorer paying mines nearer to the standard of the more fortunate mines. If the surplus had been pooled, he added, there would have been no need to raise prices at all. But he had not had a free hand, because our Government had made an arrangement with the mine-owners under which the price of coal was to be high enough to enable each mine to pay its way. The consequence was that, in order to get the ten millions needed to make one small part of the industry remunerative, it was necessary to raise prices, which, in effect, took twenty-five millions out of the pocket of the general public. It is a question for students of economics to consider whether such an arrangement is the most economical manner of utilizing the natural resources of the community. This situation has no connection at all, of course, with the temporary system of war control. It arises merely from the fact that the costs of getting coal differ from one mine to another, and that the price is fixed on the cost of getting it under the least favorable conditions, with the result that the surplus arising in the more favorably situated mines passes into the hands of the shareholders.

The financial wastefulness of that arrangement was not seriously contested by those who defended

the existing organization. What was said on the other side was that this disadvantage was more than counterbalanced by the incentive which private ownership offers to scientific progress and improvement. It is self-evident, of course, that much enterprise, scientific knowledge, practical skill and business acumen have gone to the development of our coal industry during the last century. It is quite true, again, that many of the managers (who must not be confused with the shareholders or directors) are extremely able men and entitled to all respect. But that, perhaps, is not quite the point. The point, as it appeared to the Commission, was not whether the individual managers were enterprising or skilful, which no one disputes, but whether the existing organization of the industry is such as to offer the largest opportunities for their skill and to turn their enterprise to the greatest possible public advantage. In considering a question like that, the layman is, of course, largely helpless. He is in the position of a juryman who is hearing expert testimony, and who, after listening to fifty or sixty witnesses, has to make up his mind as to the relative credibility of the different persons among them.

The witness who brought the most critical indictment against the existing organization was not any of those who spoke on behalf of the miners, though their evidence was interesting and they were well-informed men. The man who gave the most conclusive evidence was one who had been engaged in the coal industry for many years and was at the time in the service of the Government. This gentleman had seen something of the mining industry in South Africa, Belgium, France, Germany and America, as well as

in various parts of Great Britain, and was therefore in a position to compare British arrangements with those obtaining in different countries. The picture which he drew was, in effect, one of individual efficiency, gravely hampered, and sometimes stultified, by a wasteful, antiquated and cumbrous system of organization. Owing, for example, to the private ownership of minerals, a great amount of coal is wasted in Great Britain through being left in what are called barriers—the boundaries between one colliery and another. Some of these are necessary for technical reasons, to keep back water or gas, but a far greater number of them are necessary merely to prevent one colliery from stealing coal underground from another. In these barriers, which vary from thirty to one hundred yards in width, something like five thousand million tons of coal has been left up to the present day. Nor are they likely to be profitable to work in the future, because the capital outlay required to get the coal which is left in comparatively small quantities would be prohibitive.

Then, again, there is the waste arising from competition between collieries. The coal industry is one of the few in Great Britain which seems hitherto to have been little affected by the general movement towards combination. At a time when most industries have been building up some kind of working agreement and sometimes effecting combines with a view to eliminating waste, the coal industry goes on with much the same organization as it had many years ago. Collieries buy materials on an enormous scale: the interior of a mine is a perfect forest of timber and all sorts of other materials, but rails, tubs, trams, hawsers are used in large quantities. And yet our

collieries still buy their equipment individually. They arrange separately for the freightage of their coal. They make their selling arrangements separately. Owing to the failure to coöperate, there are districts in which the coal is almost drowned out because it is not easy for any one colliery, acting by itself, to pump out the water. The cost of getting coal is increased by irregularity of working, which could be diminished if orders were allotted to the different collieries on a unified plan.

When the coal gets into the hands of the distributing agencies, there is even greater disorganization. Before it reaches the hands of the domestic consumer in large towns, it passes through a chain of middlemen, and this chain has a large number of links. The ordinary practice is for the colliery to consign the coal to a merchant in (say) London. The merchant passes it on to another merchant, he transfers it to a retailer, and finally the coal may be supplied in small lots to the poor consumer in the East End of the city.

How wasteful this system is, is shown by comparing it with the methods used by our coöperative societies. The practice is for the Coöperative Wholesale to sell coal to the coöperative stores, which, in turn, sell the coal to their members at the market price, and afterwards return any profits which they make to the consumer. It was found that, at the prices which the private concerns stated to be only just sufficient to enable them to pay their way, the coöperative stores could return to the consumer from 2s. 6d. to 5s. a ton. They were able to do this, not because they are commercial geniuses, but because they have adopted a scientific system of distribution. They buy in bulk,

avoid the middleman, and come in direct contact with the market for which they cater. If it were the custom to distribute water in buckets from house to house, water would be scarce and dear; and as long as coal is distributed, as it now is in Great Britain, on such a highly wasteful system, so long the ultimate consumer will pay through the nose.

Those, broadly, were the kinds of facts which led men with no personal interest in the miners' case—a steel manufacturer, a gas engineer, and a great shipowner, who signed Mr. Justice Sankey's first report—to say that, merely on public grounds, the present system was intolerable. Dry as they are, they are important not only because of the burdens which are imposed on the consumer, but because of their effect on the psychology of the miner. The attitude of the miner towards his industry and towards the general public is an element in the problem which is of the first importance. If every unnecessary charge on coal getting had been eliminated, it would be quite reasonable to demand that the miner should set a much needed example to the business community by refusing to extort a higher income for himself at the expense of the public. But as long as dividends of 20 per cent are paid to the shareholders in the more prosperous mines, and as long as the system is loaded with the cost of an ineffective organization and unnecessary payments to superfluous middlemen, the consumer must not grumble at the rapacity of the miner. The latter naturally argues that as long as you can afford to pay anything to those who do not work, you can afford to pay more to those who do, and that the first remedy for high prices is to see that the organization of the coal industry is improved,

rather than to reduce the wages of the miners or to lengthen the hours of labor in the mines.

The grievance is not merely a question of wages, important though that is. It is also a question of the miners' comfort in his work, of his health and safety, and of his status in the community. The miner, as a practical man, knows many ways in which the necessarily disagreeable character of his work might be rendered less disagreeable, if it were possible for him to put the case before the management and to see that his proposals were carried out. In the deep pits of Great Britain, a man may be working anywhere from one mile to four miles along the pit bottom. He must walk up and down the steep inclines underground, an occupation which is almost as laborious as cutting coal. In some pits he is driven to his work, with the result that he is less exhausted and the output is increased. As a matter of fact, however, this is often not the practice, even in cases where it is feasible. He ought to be supplied with an electric lamp in addition to the ordinary safety lamp. It would diminish the danger of miner's blindness, and also of falling roofs, because the roofs could be more carefully examined. Baths at the pit heads ought to be made universal. When the miners tried to get them made compulsory by an Act of Parliament, the proposal was thrown out under the pressure of opposing interests, in spite of the fact that our Home Office had insisted that nothing would contribute more to the health of the miner and his family than the opportunity to wash and change at the pit head.

Nor is our record in regard to accidents as good as it should be. We injure, every year, 160,000 men —injure them severely enough to cause them to re-

main away from work for more than seven days; and of those 12,000 are injured so severely that they are away from work more than a year. We kill, every year, more than 1,000 men in the course of their occupation—that is to say, roughly, we kill three or four men every day. I do not suggest for a moment that there is any wilful carelessness on the part of the management of the collieries of Great Britain. But it is not unnatural that in so dangerous an occupation the men doing the work should feel that they have a peculiar claim to be represented on the bodies controlling the industry. Their life, their health and their prosperity are at stake, and they feel that they would be something less than men if they did not demand that the constitution of the industries should be put, as far as practicable, on a representative basis.

These are the problems with which the British public has been confronted during the past six years and with which it is confronted today. The seriousness of the situation is not really denied by any responsible person. Only a week before I left England I found that a report had been issued by the Liberal Party, over the signature of Mr. Lloyd George, which, while denouncing considerable portions of the Labor programme, offered substantially the same diagnosis. I emphasize the gravity of the problem, because I find that there are certain persons who think that it has been raised by the Labor Party merely for the sake of expounding a theory or of disturbing what would otherwise be a peaceful situation. The truth, as far as this particular issue is concerned, is exactly the reverse. We have not forced it to the front. It has been forced upon us and the country as

a whole. Whatever government comes into power will have to find a solution in one form or another.

These are the facts which the Commission was called upon to consider. The problem fell into three parts: the question of the ownership of minerals, of the management of mines, and of the distribution of coal. With regard to the first and third of these problems, there was really no disagreement. The Liberal Party, as much as the Labor Party, desires that the minerals shall be transferred from the owners to the public, so that instead of being what it is today, a spider's web of interlocking interests, a coal field shall be laid out as a whole and worked with economy. The whole Commission, including the mine-owners, desired to nationalize the minerals: that is, they recommended that the owners should be bought out and that ownership should be vested in the State. The whole Commission, including the mine-owners, desired that the distribution of coal should be municipalized—should be placed in the hands of local authorities, who would substitute for the present chaos a unified system of distribution. The crucial question, which has been one of the most serious industrial problems agitating Great Britain since the war, has been that of how the actual ownership and administration of the collieries is to be settled.

In theory, there were, I think, four possible courses. In the first place, there was the course, which has actually been followed, of reverting to private ownership as it existed before the war. That, though it produced a prolonged dispute, was perhaps the line of least resistance, and therefore appealed to the Government. But it left all the criticisms on the in-

dustry unanswered. It was an abandonment of the problem, not a solution of it.

Second, there is the possibility of a continuance of private enterprise, plus control of profits and prices. That is a solution which should be carefully examined. It is a compromise solution, of a kind popular in most countries dealing with these problems today. In my judgment it does not meet the problem. In reality, it may be suggested, "control," such as existed during the war, has the advantages neither of private enterprise, nor of public ownership. On the one hand, by guaranteeing the owner his profits, it removes, at any rate, one spur to initiative. On the other hand, the Coal Controller had no positive powers to insist on the adoption of the improvements in organization. He could not compel collieries to drain water from the mines, nor could he compel the adoption of a unified system of distribution. What we need, in fact, is not a system of negative restrictions: we need something positive and constructive.

The third solution for the problem is, in effect, a system of regulated monopolies. That has often been proposed in the past. It has been proposed from time to time by great coal-owners, because the more far-sighted among them have realized at times that the present system is really, in some respects, intolerable, though I do not think that view would have the support of a majority of their brethren. It was proposed again by a prominent business man who was a member of the Coal Commission. What he argued was that by general consent there was nothing to be said for the present system, but that, on the other hand, bad as it is, State administration might be

worse. What he recommended, therefore, was to buy out all the existing mine-owners, and to put in their place, in each coal field, single coal trusts, or coal corporations, or coal public utility companies—call them what you please—to place the government of those corporations in the hands of seven directors, of whom two would represent the workmen, one the management, and four the shareholders; to limit their profits to 6 per cent, and to guarantee them a minimum of 4 per cent on their capital. That was an interesting proposition. It starts, you will observe, by a frank admission that the present system has broken down, and it is the more interesting from the fact that it comes from one who has had much experience in business and industry. It would, no doubt, eliminate a great deal of the waste incidental to private ownership. It deserves to be considered.

On the other hand, there are two points in this proposal which are very dubious. First, it does not really touch the crux of the present situation—the relation between the miners and the mine-owners. That, in my judgment, would remain what it has been in the past, and it could hardly be worse. In the second place, the policy of regulating monopolies by external intervention is one of which both Great Britain and other countries have had a good deal of experience which has not been wholly favorable. Once these Leviathans are established, the general result (I think historians and economists would agree) has been that they control the public more effectively than the public can control them. For that reason, I think the general sense of the British public is strongly opposed to that type of organization, though it recognizes the technical advantages which

would accompany it. It would be a very questionable policy for Great Britain today to add another great combine, controlling one of the most fundamental of the necessaries of life, to the not inconsiderable number which are already in existence.

The fourth solution, suggested by Mr. Justice Sankey, which was signed, with certain qualifications, by a majority of the Commission, was what is called popularly nationalization. Nationalization is a somewhat unfortunate word. It is an unfortunate word, not only because it throws so many excellent people into an apoplexy, but for other and more important reasons. It really covers two distinct problems under a single name. There is the question of ownership, and there is the question of administration; and when you have settled the former, when you have decided in whom the ownership is to be vested, you have still to choose between half a dozen different types of administration, and upon your choice will depend the efficiency of the whole system. The administration could be centralized, or it could be decentralized. The industry may be subject to Treasury control in the matter of finance, or it may be financially autonomous. It may be administered by bodies representing the consumers, or the State, or the producers, or all three. The beginning of wisdom, in the discussion of these matters, I suggest, is to commence by declining to discuss nationalization at all, unless one knows what kind of nationalization is under consideration, and the competence of writers on the subject may be judged by the degree to which they realize that simple truth. Too often, unfortunately, they do not realize it at all. Too often they begin by assuming, for some mysterious reason, that

the conduct of a nationalized industry must be analogous to that of the post office. Now, I have no particular fault to find with the post office: I find that I get my letters with comparative regularity. But there is no more reason for assuming that, if an industry is vested in the hands of a body representing the public, it will be administered on the analogy of the post office, than there is for taking the Steel Trust or the Standard Oil Company as a pattern for all kinds of private enterprise. You have a choice between several different kinds of management and administration, and the practical problem is to choose the best. One may begin, therefore, by ruling out the whole class of general defences and general criticisms which repose upon the uses of certain phrases, the "Government stroke" civil service management, bureaucracy and red tape. Those phrases do represent real problems and real criticisms, criticisms which are at least as familiar to those who support public ownership as to those who object to it. They are the A, B, C, of the subject—the points which occur first to anyone who is faced with the necessity of drafting a scheme. But the only intelligent way of discussing the question is to take some particular type of administrative organization and to try to see how far that remedies the admitted defects of the present organization and how far itself it is liable to counter-defects which would more than counterbalance its special advantages. The success of the experiment will depend, in short, not upon the word that is used to describe it, but upon the precise form of administrative machinery under which the industry is managed.

The financial problem presented by nationalization

is not very serious. The figures vary, of course, from date to date, but as an illustration one may take the situation in 1914. Public ownership, as proposed by Mr. Justice Sankey, involves, of course, the purchase of the mines and of the mineral rights. The capital value of the mines was in 1914 approximately 135,000,000 pounds and of the minerals somewhere between 55,000,000 pounds and 70,000,000 pounds, a total of about 200,000,000 pounds. The interest charges on 200,000,000 pounds at 5 per cent come to, roughly, 10,000,000 pounds a year, to which must be added a sinking fund of something less than 500,000 pounds. The annual income received from profits and royalties in the five years before the war came to 19,000,000 pounds a year. It would appear, therefore, that, if the State bought the mines and mineral rights, it would make rather a good bargain.

The really difficult problem lies in another region. The question is whether it is possible to devise a type of management which would be free from the grave faults of the present system. The most general criticism brought against public services is that they tend to be overcentralized and top-heavy, to paralyze initiative and to conceal responsibility, to play for safety and to avoid risks, to hold their own, not by ability, but by the mere weight of obstructiveness, to offer mediocrity the protection of a system in which torpor is organized, and against the leaden inertia of which both the man of creative talent and the consuming public rage in vain. Some of these faults are the defects of all large-scale organizations, whether public or private: one must not expect from an elephant the agility of a flea, or from an army corps the mobility of a guerilla band. If, compared with the

village carrier, a railway company and the post office have the defects of their qualities, they also have the qualities of their defects. On the other hand, there is enough truth in the indictment to make any person of caution think twice before increasing the scale of business organization, unless he can see his way to prevent the economies of unification being neutralized by the drawbacks of overcentralization. Both are normally real enough. The problem is to secure as many as possible of the former while admitting as few as possible of the latter. To put it concretely, the facts which faced Mr. Justice Sankey were (a) the admitted "waste and extravagance" of individual ownership; (b) the improbability that the friction between mine-workers and owners, with all its resultant social and economic evils, would be terminated under the present system. His task was to devise an organization which would introduce a more economical system of production and distribution, which would cause the mine-workers to throw their weight on the side of efficiency and progress, and which would secure these advantages without dissipating them by submitting the industry to the dangers of bureaucratic paralysis. The problem is, in fact, the familiar one of making a constitution. Mr. Justice Sankey had to draft its fundamentals.

Most of those who have come to close quarters with the problem are agreed on certain main principles. In the first place, it is suggested, there must be a Minister of Mines. Much is said about the undesirability of parliamentary interference in industry. In Great Britain, it is impossible to avoid that, whether the industry be in private or public hands. If one considers any of the great industrial crises of the

last six years, the British railway strike of 1911, the British coal strike of 1912, our railway strike in October, 1919, our coal lockout of 1921, and, if I am not mistaken, some similar movements in this country, the conclusion one reaches is that in no case is it in fact possible for any government to refrain from interfering. No modern government would tolerate a complete cessation of the operation of its railways or of production of fuel. That being so, I do not myself think the criticism that in the last resort the industry is subject to parliamentary control is a valid one in Great Britain. For, in practice, it cannot be avoided.

In the second place, there is general agreement among those who accept the principle of public ownership that not only should there be a Minister of Mines to represent the industry in Parliament, but that in practice the administration should be decentralized. That is of very great importance. Many of the criticisms brought against public ownership are quite sound, I think, when applied to the kind of public ownership which has often been proposed in the past. It is suggested, for example, that a nationalized industry in England must be administered by some superman in London. That would be an unfortunate state of affairs, but, as a matter of fact, nothing of the kind was involved in the Commission's proposals and if it were, it would be resented by the miners as much as by the owners. Indeed, what Mr. Justice Sankey proposed was the exact opposite. In the coal industry, decentralized administration is absolutely essential. In Great Britain the technical conditions of different coal fields vary enormously. That means that you must rely on local experience, and

that the mines cannot be operated through the mandates of well-meaning officials in London. The unit of administration must be the particular coal field. What was proposed, therefore, was that in each coal field there should be set up a District-Council representing the managers, the consumers and the miners, in whose hands should be vested the operation of the mines in their particular area—the sinking of shafts, the equipment of the mines with machinery, the provision of the quota of coal demanded from that particular district, the settlement of such disputes at particular pits as could not be settled by the pit concerned. The district would, of course, operate within the framework of a national system, but as long as it provided the required quota, it would be free from central interference, except in such matters as safety and accidents, which must necessarily be the subject of national legislation.

In the third place, everybody is agreed that we ought neither to vest the administration of the industry in the hands of the Civil Service, nor to place its financial arrangements under Treasury control. The existing Civil Service is, on the whole, highly efficient for the objects for which it is intended, but those objects do not include the administration of industry. If you want to get an effective system of administration, you must organize your service specially for that purpose. That presents no insuperable difficulties. After all, the British Civil Service has been entirely remodeled in the last fifty years. If new functions are to be entrusted to it, it can be reorganized again in order to discharge them effectively.

Finally, it is necessary (all observers, I think, would agree) that the miners should have an effective

voice on the bodies responsible for the conduct of the industry, on the National Mining Council, on the District Mining Councils and on the Pit Committees for each particular pit. This is necessary, for two reasons: in the first place, it is desirable to meet the reasonable demand of the miner for a greater control over his working conditions. No one who will approach the subject without preconceptions can regard it as other than anomalous that, in a country like Great Britain, he should have, in the conduct of his work, as little responsibility as is granted to him at the present time. When questions of human life and safety are involved, it will not in the future be possible to secure effective coöperation from the workers, unless they themselves have some direct representation on the bodies controlling the industry. In the second place, it is necessary for the sake of the consumer and to secure the efficiency of the industry. In the past industrial discipline has been imposed from above. It has rested, in the last resort, on the ability of the owner or manager to dismiss a man who was idle or inefficient. It has reposed in fact (however little we like to admit it) on an appeal to the motives of hunger and fear. That system might be lauded as efficient or denounced as inhuman. But it had one conspicuous merit: it worked. At the present time it works less effectively, because the economic conditions and the psychological attitude which made it possible have both disappeared. The miners, as a body, are today extremely well organized. Their Federation is one of the most powerful trade unions in Great Britain, and perhaps in the world. The miners who seventy years ago were spoken of in Blue Books as though they were serfs

are now the aristocracy of British labor. They include among them a very considerable number of highly intelligent and well-educated men. It is impossible to believe that, when you have so high a degree of intellectual development in a body of men who are cognizant of their own power, they will tolerate discipline from above as they have tolerated it in the past. If we, in England (and I say this simply of Great Britain, for all these conditions vary in different countries), are to solve the mere economic problem of production, quite apart from the more important question of living at peace with each other, we can do so only by drawing upon the good will and corporate responsibility of the workers in the more highly developed industries, and we can do that only if they have some direct representation on the bodies governing these industries.

In reality, this problem has passed quite beyond the stage where it could be handled merely by economic arguments and on traditional economic assumptions, because the traditional economic assumptions are themselves no longer in full correspondence with the facts. What has happened in the last ten or fifteen years is that there has been going on a change in the intellectual attitude of certain great bodies of workmen towards their industries and towards the community, one symptom of which is that they have lost confidence in the conduct of industry as it exists today and that they desire to stand in a relation of direct service to the public. I am not concerned whether that view is a sound one or not; but whether sound or unsound, if a determining majority, or a determining minority, of men in an industry are today unwilling or unable to give

their best service under existing conditions, to that extent the present system has broken down.

That is the problem with which, as I see it, we are faced in the mining industry in Great Britain. Our plans have to be based upon the realities of the situation, and, as a consequence, it becomes necessary for us to admit the possibility of types of reorganization which ten years ago we should not have considered. I am far from saying that a scheme of public ownership, plus miners' representation, is the only solution of the problem, and I think I am aware of the difficulties and do not underestimate them. There is a sense in which all large political and social changes are and must be "a leap in the dark." Whether it is wise to leap or not cannot be formally demonstrated. It involves a judgment on numerous factors which are not susceptible of precise measurement. But when the earth is quaking and the roof cracking, the rash man is not he who leaps, but he who does not; and it is not out of any desire for change as an end itself that the Labor Movement is committed to considering at least the policy of nationalization. As we stand today, we have to conserve our resources, to eliminate waste, and to draw the public spirit and professional pride of the workmen into the development of the industry. We can do that only on the ground that their industry is a public service, and that, in the conduct of it, they stand in a position of responsible partnership with the community.

LECTURE IV

THE LABOR MOVEMENT AND INTERNATIONAL AFFAIRS

I PROPOSE in this chapter to examine certain phases in the outlook of the British Labor Movement on the world of international affairs. And I desire to emphasize the words *Labor Movement,* since it is that, and not the policy of the present Government, which is the theme of this, as of my other, chapters. If a treatment of the subject which deliberately turns from speculation as to the consequences of recent and pending negotiations to consider their background sacrifices the piquancy which belongs to the topical, it is possible that it may, nevertheless, gain something in perspective. For six years we have been accustomed in Europe to scan the international horizon, and to hang on the somewhat indecisive decisions of international conferences. But behind the vicissitudes of the drama which is played on the open stage, and in the long run determining its course, are the permanent realities of geography, nationality, political ambitions, economic interests, and the emotional and intellectual medium which fuses these ingredients into a collective psychology.

That psychology differs not only from nation to nation, but, though normally to a less extent, from group to group within them, and nothing is more unreal than to speak as though, on questions of international policy, each nation formed a single and homogeneous unit. Over a great part of Europe, including England, the democratic movement of the

nineteenth century left the control of foreign affairs almost as much the preserve of a small section of society, and almost as little amenable to control by Parliaments, as before it existed. That situation, which lasted down to 1914, is now coming to an end. Of the innumerable new elements which have appeared on the international scene in the last ten years, the fact that international policy now has to be justified to far wider circles than ever before may prove in the long run not to have been the least important. In England, whatever Government may be in power, it will increasingly be decided by the standpoint of the great mass of working people. It may be not without interest, therefore, to consider shortly, with all their inconsistencies, prejudices and limitations, some of the considerations which are likely to determine the attitude of the Labor Movement towards international affairs.

When the future of the Labor Party was discussed in England before 1914, no statement was more common than that it was disqualified from forming a government by its ignorance of, and lack of interest in, foreign politics. And, on the whole, though there were brilliant exceptions, the criticism was not unjustified. For, up to the very eve of the war, the majority of the Party was living in a world of illusion, which it shared with the greater part of English public opinion. There are proletarians and plutocrats among nations as well as among individuals, and the latter often know as little of the hopes and fears of the former as a rich man does of those of his poorer neighbors. Unperturbed by any haunting anxieties, without any bitter memories of recent national humiliation, traditionally humanitarian and

anti-militarist, British Labor reproduced the liberal ideology of half a century before, with a bland indifference both to the national aspirations with which parts of Europe were heaving and to the fact that international relations had been revolutionized by the economic development of the past half century, conceived its main business as the conquest of political and economic power as the prelude to social reconstruction, thought that with the spread of its ideals international rivalry would disappear in a reign of general good will, and had no conception of the storm which was about to overwhelm them. As far as the leaders were concerned, the war shattered that ignorant optimism. The judgment of history is likely, I think, to be more merciful to the statement of war-aims put forward by the British Labor Movement in 1917, and accepted a few months later by an international conference at which the Socialist and Labor Parties of France, Belgium, Italy, Serbia and a number of other countries were represented, than it will be to some parts of more famous documents prepared by more eminent persons.

In the public at large, however, in revulsion against war, but believing, in its simplicity, that peace would return when the fighting was over, that temper survived another five years. Partly for reasons which were inevitable, partly for reasons which were avoidable and should have been avoided, the British working classes made their own large contribution to the misery of the next five years by the general election of 1918, and endorsed the crowning folly of refusing to discriminate between the Germany which went to war in 1914 and the Germany which came out of it five years later. I should like to be able to claim that

what changed opinion was a spontaneous awakening to the misery of Europe and a humanitarian desire to remedy it. But I make no such drafts on your credulity. Whatever weight may be given to sentiments of that kind, the turn of the tide was in the main due to quite other causes. What changed opinion in the world of labor as a whole was the impact on British domestic economy of the economic disorganization of Europe. It has sometimes been the case—it was the case in London in the early nineteenth century—that the richer quarters of a city have been converted to sanitary legislation by the discovery that the diseases of the poorer quarters were infectious. In somewhat the same way, the most effective of propagandists as to the importance of foreign policy has been in England an unemployment percentage rising from 3 per cent in 1920 to an average of 15 per cent in 1921 and 1922. To the miner who saw his continental market partially destroyed by reparations coal and, later, his seven hours threatened by the reversion to ten hours in the Ruhr, to the engineer who found that the demand for his services had ceased because there was no market for agricultural machinery in Russia, to the cotton operative who found that the East could not buy because it could not sell to Europe, the economic unity of the world ceased to be a phrase and became a fact. The result was a rapid change of opinion. To the lack of interest in international policy which had characterized the movement before the war, succeeded a phase in which international policy was the principal subject of interest. And naturally, since it was the economic disorganization of Europe which had made it a burning issue, it was on the revision of those as-

pects of international policy which were believed to be the cause of that disorganization that attention was concentrated.

In view of the character of British industry, rather more than a third of whose production is exported, this revulsion of feeling under the stress of economic circumstances was inevitable. But the outlook on international policy, to which the preoccupation of British Labor with economic issues leads, is obviously extremely one-sided, and it is not surprising that to many continental observers it should have appeared a form of egotism all the more revolting because it clothes itself in the language of international idealism. The foreign apologist, anxious to find the gentlest words in which to express the vagaries of British policy, explains to his fellow-countrymen that the character of that nation is to be *"ingénu plutôt que perfide."* Less indulgent observers call it by a harsher name. They remark that if the smile of international good will appeared on the face of Great Britain, it did so only after she had made a substantial meal of ships and colonies, and that her repentance for the reparations clauses of the Treaty of Versailles became vocal only after she had begun to suffer from a violent, and not unmerited, attack of economic indigestion. And the picture of British policy which rises before their eyes is that of a triumphant and self-satisfied bagman, who regards Europe not as a society of nations with a history and character and aspirations of their own, but as a market to be exploited, and is prepared to sacrifice the spiritual dignity of nationality to promoting the sale of Lancashire piece-goods and Yorkshire shoddies.

Any candid student must begin by admitting the

characteristic limitations and obsessions of his own nation. And there is sufficient justice in this criticism to cause an Englishman to examine his conscience. If he does so in all humility, he will be obliged, I think, to admit that the preoccupation of his fellow-countrymen with economic issues gives a peculiar bias to their political thought, which nations differently situated cannot be expected to appreciate; that their geographical position has caused them to treat far too lightly questions of security which are vital to other peoples; that, as the miserable history of their Irish policy shows, they are ill-qualified by their own experience to understand the passionate intensity of long-suppressed nationality; and that, by ignoring these realities, certain fractions of English public opinion, both Liberal and Labor, have occasionally committed themselves to condoning, in defiance of their own principles, some of the worst abuses of the Europe which vanished in the war, on the ground that, whatever their political evils, they were at least economically expedient.

But these are the extravagances of an insignificant minority, and need not be taken seriously. All that the thoughtful member of the Labor Movement would urge, while admitting much truth in these criticisms, is that there are other realities which are not less important than those of nationality, and that if the world as a whole is to recover a tolerable way of life the result must be achieved not by suppressing either, but by reconciling both. When the clouds of the last five years have lifted, Europe will possess an infinitely richer and more variegated civilization than that which collapsed in 1914. But the condition of their lifting appears to him to be the recognition

of two truisms. The first is that dictated settlements have short lives, and that the idea that a permanent peace can be secured merely, or mainly, by a system of alliances based on strategic considerations is one to which the past history of Europe lends little support, and which the experience of the last half century should have been sufficient to dispel. The second is that, though nations may be born or reborn through war, if they are not merely to exist, but to flourish, to develop a vigorous culture, and to make their distinctive contributions to world civilization, they can do so only by recognizing that, whether they like it or not, they are in fact mutually interdependent. It may readily be conceded that the right of self-determination, to the fullest degree which the history of Europe makes practicable, comes first, and that no degree of material prosperity can compensate for its absence. But the best achievements of European civilization in the past, its art, its science and its literature, have sprung from the same intellectual seeds and have been built on common intellectual foundations. And I hope it is not mere materialism to regard with dismay an intensification of national exclusiveness and a decline in economic efficiency in which the capacity to create these things will be sterilized, as, with the obsession by military and political issues and the decline over a great part of Europe of intellectual life and of the social groups who were the torch-bearers of culture, they have come near to being sterilized in the past five years.

The practical conclusions to which an observer following such an approach to international problems, inevitably partial and limited as it is, finds himself led, are threefold. In the first place, he regards with

horror any hint of the renewal of the division of Europe into two camps which was the tragedy of the generation before 1914, and he views with perhaps exaggerated apprehension any proposal, in the form of suggestions for partial alliances or agreements, by which it seems even remotely possible that his own country might be implicated in it.

In the second place, he is disposed to see one capital cause of the misery of the past five years in the economic anarchy, if not created, at least perpetuated, by the economic provisions of the Treaty of Versailles. While agreeing whole-heartedly as to the justice of the requirement that Germany should repair damage done, he regards his losses as a producer as outweighing any conceivable gain which might accrue to him as a creditor. What he desires now is stability. For that reason he supports the general policy represented by the Dawes Report, as a first, if only a temporary, step on the return to reality, and in spite of powerful currents of opinion in the opposite direction, he is more anxious to resume trade with Russia than to collect debts from her.

In the third place, he believes that what, far more than ambition or greed, keeps Europe in a state of *malaise,* is what psychoanalysts would call a "fear-complex," which, in the light of her past history, is only too abundantly justified; that in the long run the only way of averting a relapse into competing armaments and alliances is to organize security by other means; and that, as a consequence, the League of Nations is not merely what a statesman, speaking of another famous historical proposal, described as a "devout imagination," but potentially the most important political institution in the world.

For reasons which are obvious, and on which I need not enlarge, the record of British, as of some other Governments, towards the League has hitherto been disappointing. But no one who has had opportunities of watching the movement of working-class opinion in England can doubt that it is overwhelmingly on the side of the League, or that the discredit, first of the Coalition and then of the Conservative Government, was largely due to the belief that they were disinclined to take any consistent line towards removing the main impediments towards a better international understanding. Nor is it merely or mainly in what may be called the political or juristic activities of the League that he is interested. Applying the categories most familiar to it in daily life, it is inclined to argue that the conception of the League which regards it primarily as an instrument for limiting armaments or settling disputes, is too narrow; that the international mind is more likely to be effective in large things if it is regularly cultivated as a habit in dealing with smaller ones; and that if the League is not merely to be an instrument evoked in emergencies, but part of the living political tissue of the world, it must more and more in the future become an organ of coöperation in the economic intercourse of nations, and take steps to avert, before they become insistent and clamorous, the economic rivalries which were not less important than questions of nationality in poisoning the international atmosphere in the generation which preceded the war.

Approaching international questions from this angle, the body of opinion with which I am concerned is naturally disposed to assign a preponderant im-

portance to the whole group of problems involved in commercial and financial policy, the terms on which industrial nations have access to the undeveloped parts of the world, and the relations in which they are thrown towards each other in the process, which, by a convenient, if somewhat misleading, phrase, may be summarized as "economic imperialism." The form in which these questions arise in British politics is normally that of the debate between free trade and protection and imperial preference, though of course the issues involved are far more extensive than merely those of tariff policy. Rejected by the electorate at three elections between 1906 and 1914, the project of some degree of imperial commercial union derived a practical impetus from the war, and, in a form the precise contents of which are veiled in discreet ambiguity, is the policy of one great party in the State. The arguments for it are not without plausibility, and are regarded by its supporters as deriving additional weight from the economic situation of the last five years. Most other nations which have colonies and dependencies, it is argued, arrange to secure for themselves commercial terms more advantageous than those offered to the rest of the world. The British Empire, which contains larger resources within its boundaries than any other single political system, is alone in refusing, with some minor exceptions, to make political organization the servant of economic policy. That attitude may conceivably have been justified twenty years ago. Today, it is said, it is insane. A great part of Europe is in ruins. Its recovery is not a matter of a few years, but of decades. Before it takes place Europe will be a poor customer. As it revives, Europe, with lower wages and longer

hours, will be a formidable competitor. The course of wisdom, it is suggested, is to turn from it, and to find in the development of the imperial estate a compensation for the markets which have been lost on the continent, to divert as much as possible of the commerce of Britain into imperial channels, and to secure for her, by a system of prohibitions, preferences, tariffs and bounties, a first call on the raw materials of the Empire, and a preferential position in its markets.

This programme has a certain superficial attractiveness, and it has been urged not only by one of the British political parties, but also, if not with all its implications fully developed, at any rate in embryo, by one Dominion in which the Labor Movement has, till recently, been more powerful than in Britain itself. What the future will produce, no one can say. But, so far, the British Labor Movement has turned a deaf ear to its allurements. The reasons for its opposition to it have been partly the obvious economic danger involved. For one thing, the working classes have carried over into Labor Politics a good deal of the old Liberal tradition. One element in that tradition is the memory of the struggle against protection in the forties of the nineteenth century, and the suggestion of a tariff excites hostility even in the least politically-minded. For another thing, the industries in which Labor is organized most strongly are, with the exception of steel, industries which have most to lose and least to gain by protection. The miners and railwaymen—between them a million and a half trade unionists—cannot be protected against foreign competition, for there is none. The cotton operatives, wool operatives, engineers and shipbuilders, all work

largely for the export market, and they know that a rise in the price of the semi-manufactured goods which are their raw materials would mean unemployment. And between them, those bodies of workers, as the last election shows, are overwhelmingly powerful. In the third place, there is the obvious fact that such a reorientation of trade as the more logical imperialist proposes, if feasible at all, would involve an immense transference of *personnel* and capital from one industry to another, and mean a complete change in the relative importance of different markets. In 1923 the direction of British exports was almost exactly what it had been in 1913: 35.1 per cent to foreign markets in Europe; 27.4 per cent to foreign markets outside Europe; 37.5 per cent to imperial markets. Nearly two-thirds, therefore, of the total exports, in spite of the decline in the purchasing power of the continent, are still bought by foreign consumers. The possibility of replacing, say Germany, with a population of sixty millions, by Canada, Australia and New Zealand, with a population of, say, seventeen millions, is obviously extremely remote; would probably not be welcomed by the producers of those countries, which have growing manufacturing industries of their own; and would involve a long period of dislocation, with no certain advantage at the end of it.

But behind these immediate and practical interests lie considerations of a larger social and political character, which may not be clearly analyzed, but the importance of which is instinctively felt. The conception of a self-sufficing empire appears to the thoughtful workman to be not merely incapable of achievement, but dangerous in so far as it can be

achieved, to ignore the economic realities which increasingly determine the relations of nations, and to open vistas, not of international peace, but of new and more embittered rivalry. And it is opposed, not merely on grounds of practical expediency, but because the temper to which it appeals, and the whole conception of world politics which it represents, seem to be the very antithesis of any stable international order and of good will and coöperation between nations. After all, he would say, a fundamental fact of modern history, in relation to which all policies must be judged—a fact which is at once the commonest and most habitually ignored of platitudes—is the growing economic unification of the world which has taken place in the last half century. It is modern: the industrial revolution which began in England in the late eighteenth century did not become a world phenomenon till almost the end of the nineteenth; in America it is mainly subsequent to the Civil War; and in the East it is only beginning. And it has had three obvious but fundamental consequences which between them have altered the whole character of the stage on which world politics are set.

In the first place, it has made all nations economically interdependent. The facts are well known, and I need not trouble you with them. It is sufficient to point out that France, of all great countries the least affected by this interlocking movement except Russia, with an almost stationary population, and with a very large area under wheat, has since 1860 never been able to feed herself and before the war was spending £60,000,000 a year on imported foodstuffs, in addition to importing one-third of her coal, seven-eighths of her wool and nineteen-twentieths

of her silk; that Germany, which in the middle of the nineteenth century was an exporter of wheat, spent £160,000,000 before the war on foodstuffs and imported thirteen-fourteenths of her wool; that England spent in 1913 £290,000,000—actually 13 per cent of her total income—on imported foodstuffs; that all three are entirely dependent on extra-European sources for cotton, jute, rubber, mineral and vegetable oils, various rare metals, rice, coffee, tea and a host of other articles, and that even America, which Europeans are accustomed—quite wrongly—to regard as almost self-sufficing, imports (to mention nothing else) tin, rubber, nickel, jute and about one-third of its wool.

In the second place, this economic unification of the world, which has taken place in the last fifty years, has made possible an enormous and unanticipated increase in economic prosperity. Consider only the case of Europe. The population of Europe is credibly estimated to have grown from about 180,000,000 in 1800 to 460,000,000 in 1920. With about one-fourteenth of the world's land surface, it has more than one-quarter of its total population; if Asia be omitted, it has one-tenth of the world's land area and a population greater than the whole of the rest of the world outside Asia together. The reason why Europe is able to carry this immense population at what, on the whole, has been a rising standard of life, is not that it is especially favored by nature. As a matter of fact, in most of the natural resources which are the foundation of modern economic civilization, Europe's endowments are only moderate. She possesses, for example, only about one-eighth of the world's known coal resources, while America possesses more than

one-half; only one-quarter of America's iron deposits; and, outside Russia, virtually no oil at all. What has made it possible for her to support a growing population at a rising standard of life is that in security, ease of communication, specialization, the power to concentrate production at favorable points and to draw on the resources of the whole world, Europe, in the forty years before 1914, in spite of the existence of different states, was virtually a single economic province.

Finally, the growth of economic interdependence, which has made possible this great increase in prosperity, was also directly responsible for the intensification of the international tension which culminated in 1914. I do not desire to overestimate the economic element in international friction; I do not ascribe to it a position of primary, or even of preponderant, significance. But whatever weight may properly be laid on other factors—national ambitions, ancient hostilities, irresponsible governments, reckless diplomacy—it can hardly be doubted that the historian of the future will find one fundamental cause of the militarization of the world after 1870 in a factor little mentioned in White or Yellow Books, but of capital importance in setting the stage for the catastrophe. I mean the movement for the exploitation and control of undeveloped countries, and the scramble of states for colonial territory, protectorates, concessions, privileges, spheres of economic and political influence. It was not a chance that the movement coincided in point of time with the industrialization of Europe, for it was, indeed, a consequence of it. An industrialized Europe needed raw materials for its manufactures, and markets in which to dispose

of them. It had surplus capital to invest—a great part of its most important industries largely live by exporting capital goods—and if the risk is greater in undeveloped than in old countries, the interest to be earned is higher.

Nor was it a chance that this movement of expansion in the forty years before the war was accompanied by recurrent international crises. If, as is still sometimes suggested, territorial sovereignty and economic opportunity had no connection with each other, there would have been little reason why it should produce friction. But, in reality, the impetus to the acquisition of colonies and spheres of influence came largely from the economic advantages which they were thought to offer. Even if a country had no special economic arrangement with its dependencies, it still remained true that language, official connections, use and wont, gave its trader and investor an informal preference. But that was the exception. The common arrangement was some form of special advantage, ranging from complete inclusion in the tariff system of the mother country to discriminatory duties. And since in countries without a stable government foreign capital was insecure, investment was naturally apt to be followed by a demand for political control, and political control in its turn to smooth the way for further investment. In such circumstances no industrial country with small colonial possessions was disposed to regard with indifference the proceedings of those more fortunately situated, because raw materials and markets were vital to it, and, the international ethics of the world being what they are, it felt that it could not be certain of securing

either on favorable terms unless it had a separate national preserve of its own.

Hence in the forty years before the war the relations of European nations, on several occasions which were critical and on some which led to war, were determined largely by economic rivalry in those parts of the world offering valuable prizes to such nations as could assert an effective, if not an exclusive, control over them. The leading examples are well known, and I need not do more than allude to them. It was largely, though certainly not exclusively, the interests of the bondholders which led in the first place to the English occupation of Egypt. It was largely the economic interests involved in gold and diamond mines which produced the war of Great Britain with the South African Republics. It was the menace to Japan of Russian economic expansion which lay behind the Russo-Japanese war. It was the right to exploit the iron ore of Morocco, with the opportunities of opening up the country by railways, ports and other concessions, which made Morocco the storm-center of international politics from 1904 to 1911. It was the economic possibilities of the Middle East which gave its significance to the controversy surrounding the Bagdad Railway.

Since the war, the scene has been shifted and the actors changed; but the issues remain. The Treaty of Versailles and the subsequent division of Upper Silesia has reduced the German output of coal from (roughly) 139,000,000 to 78,000,000 tons, and has made the coal question a central issue of European politics. Oil, as an allied statesman observed, floated the allies to victory, and a cynic might add that they have been swimming somewhat uneasily in it ever

since. Nor need it be pointed out that the right of access to economic opportunities in China has been a perpetual cause of international tension.

It is true, of course, that to select these issues for special emphasis is to oversimplify. I do not in the least overlook the questions of a quite different type which were involved in the growing tension between nations. But to ignore the economic rivalries, which, though rarely the immediate occasion of war, are one of the forces making it possible, is a dangerous romanticism. To members of the British Labor Movement concerned with international policy it appears that it is in these questions of international economic relations, even more than in the question of suppressed nationality which haunted the nineteenth century, that the danger-points of the future are to be found. They regard, with dismay, therefore, a policy designed to organize international economic life on the basis of a political group which aims at securing for its members favorable terms as against outsiders by means of preferential tariffs and discriminating duties. They hold that it is not credible that the world would tolerate a partial or complete monopoly on the part of the British Empire, or any other political system, either of the raw materials without which other countries cannot produce or of the markets without which they cannot sell. They believe that to claim it would be to produce reprisals, and to perpetuate the struggle for economic privileges which has been the sinister background of international politics during the past forty years.

Nor, as it seems to them, is an escape from that danger to be found merely by recurring to the policy of separating economic from political issues which

was the favorite specific of nineteenth-century Liberalism. To Cobden and his school, with their maxim, "The greatest possible intercourse between individuals and the least possible intercourse between governments," commerce was a harmonizing and reconciling force. But their work was done before the industrial revolution of the last third of the nineteenth century, and since then the whole character of the problem has changed. Commercial interests have not, as they anticipated, exorcised the spirit of nationalism. They have both absorbed it, and been in turn absorbed by it. Economic and political issues never are, and never can be, kept in separate compartments. Faced, for example, with the possibility that the economic life of its country may be strangled, or even inconvenienced, by a shortage of some indispensable product, no government will stand aside. Experience shows, indeed, that too often governments fly to the opposite extreme, anticipate dangers which are remote, and intervene when what is at stake is, not national prosperity, but merely the profits of a handful of investors. The remedy for the scramble for special advantages is not, in fact, to urge that States should disinterest themselves in the economic activities of their nationals in undeveloped countries, for no State will in practice consent to adopt that attitude. It is that they should substitute common and coöperative for individual and competitive action, and should agree as to certain standard conditions of economic policy to be observed by all States alike.

This means, in effect, that the alternative to economic imperialism, with all its dangers, is some form of economic internationalism, and it is in that direc-

tion that the mind of Labor is inclined to look, in the first instance, for minimizing possible causes of future wars. Internationalism has, I am well aware, a Utopian sound. But unless policies are to lead to disaster they must be based on the realities of human intercourse. Those realities are now largely economic: and the real romantics are those who continue to brandish the political formulas of a vanished order of almost self-contained national States in a world whose economic civilization is supernational. The truth is that the economic development of the past half century has created a situation in which the line which separates national from international interests requires to be redrawn, because an immense field of interests has arisen which are neither exclusively one nor exclusively the other, but both together. The change which has taken place, if I may give a humble illustration of it, is analogous to that which occurs when a sparsely populated rural district develops in ten years into a great manufacturing town. In the former the inhabitants can drive and walk at their own sweet will. If they do so in the latter, they will begin by inconveniencing each other and they will end by killing or being killed. To avoid confusion and accident in their cities they must observe a rule of the road, made and enforced by a common authority. To escape similar confusion and more disastrous catastrophe in the crowded highways of the modern economic world, each nation must not assert its own natural right to push its own way to the front, irrespective of the corpses which it leaves behind it. They must build up a common code of law to secure the maximum possible liberty for all; which—a truism

sometimes forgotten—involves limiting the liberty of each.

Public opinion, preoccupied with other issues, has not grasped the importance of these questions, and we have to work out a new policy almost from the foundations. Such a policy must obviously distinguish between self-governing States on the one hand, which make their own commercial and financial policies, and on the other hand non-self-governing colonies and dependencies, and those communities which, without being colonies and dependencies, are in fact, for one reason or another, under some *de facto* kind of duress, or, at any rate, owing to their weakness or disorganization, do not enjoy full economic sovereignty. It is perhaps permissible to hope for the time when even the former will recognize the obvious truth that not for sentimental, but for severely practical reasons, the economic ruin of one nation is the common concern of all; when, if it is apparent that a nation is threatened with famine (as was evident in Russia long before it began) an international authority, as a matter not of charity but of business, will mobilize the credits needed to develop means of transport and to bring foodstuffs to the populations menaced; when an odious act of exploitation, such as that of which England was guilty when she sold coal to the continent after the war at inflated prices, with the incidental effect of ruining her own export trade, will evoke from a similar authority sharp and instantaneous protests; when the improvement of transport by rail and canal, and the ascertainment of the true facts as to the world supplies of foodstuffs and raw materials, will become a matter of common international concern in ex-

actly the same way as postal services are of the International Postal Union; and even when nations are willing to admit that tariff policy itself, producing, as it does, world-wide reactions, is a matter in which international opinion ought at any rate to be heard, and that proposed tariff changes, instead of being treated as purely a matter of national concern or being made the subject of a bargain between two or more nations, should be at least communicated in advance to an international authority, with a request for its observations upon them before they are finally carried into effect.

With regard to non-self-governing territories, there are, it may be suggested, three points upon which an attempt should be made to secure international agreement.

First: It is essential that more adequate steps should be taken to protect the interest of the indigenous races which pass under the sovereignty of more economically advanced peoples, with regard to some of which European nations have a bad record, and whose exploitation by foreign capital is a menace to the standard of life of labor in Europe. The principal points which should be the subject of an international agreement are three. In order to avoid the disgraceful chicanery which has in the past stripped them of their territory, native lands should be declared inalienable except with the assent of the Government. No native should be forced either directly or indirectly—as by taxation—to work for wages. And the revenues raised in the country should be used for its development, including, in particular, the education of the natives themselves.

Second: In non-self-governing colonies, as in man-

dated territories, all differential import and export duties and all legal restrictions which confer a privileged position on the parent or mandatory State as against the rest of the world should be abandoned. There should be no discrimination in favor of one country as against another in matters of shipping, navigation of rivers, or use of ports, railways and wharfs. The principle should be established, in short, that the nation controlling the territory in question shall not enjoy any advantages which are not open to all.

Third: The regulation of concessions and investments presents a more difficult problem. The grant of concessions is an administrative act on the part of the government of a dependency, and cannot easily be controlled. Investment in an exploitable territory has at once an economic and a political aspect. It is both a legitimate or beneficial economic proceeding, and the normal way by which one country establishes its position as against its rivals. Both have been a fertile cause of friction in the past. It is conceivable that the first difficulty might be met by requiring that all concessions exceeding a certain value should be the object of public tender. When a British—and presumably a French or German—municipality desires to purchase an electric or tramway plant it buys it abroad as readily as at home if the foreign firms tender more cheaply—the public would be very angry if it did otherwise—and it seems not unreasonable that in granting colonial concessions the same policy of equal opportunity should be adopted. The second problem—that of investment—would be at least on the way to solution if nations would join in an international agreement requiring that loans to

certain scheduled areas, and in excess of a certain magnitude, should be made through an international authority. There are already international combines of banks composed of financial groups belonging to different nations. It would not be a very long step to regularize this procedure under the supervision of a special commission of the League of Nations, which would diminish the opportunity for the improper exercise of diplomatic pressure by arranging for the distribution of loans among countries with surplus capital, and would protect the borrower against exploitation.

A policy of this kind is in essence no more than an attempt to give reality to the well-worn phrase "the open door," and is merely, I take it, the practical application of what President Wilson meant when he spoke of the removal of all economic barriers and the establishment of an equality of trade conditions. It is not sensational, nor, the commercial policies of the world being what they are, will it be easily achieved. But in view of the perpetual menace of economic rivalries, humble and difficult as it seems, its importance can hardly be exaggerated. The world today is still too much distracted by the effects of the war to have leisure to reflect upon the longer future. Far and wide there is a pathetic belief that once the next corner is turned, once the most urgent problems of the last five years are solved, mankind will settle down to tranquillity, as though tranquillity were the normal condition of the human race. That belief is natural, but it is an illusion. The changes which in the last half century have woven all nations into one economic fabric will continue, and they will continue with increasing velocity. New sources of

wealth will be discovered, and new routes towards them will be opened. There will be a new appeal from the clamorous economic appetites of individuals to the power of their respective States. There will be a new application of the political ritualism which, when once they are adopted by governments, rebaptizes them with the resounding titles of "vital interest" and "national prestige." Once that stage is reached, the situation may well be hopeless. The only remedy is to prevent its arising. It is to remove the causes of friction before they occur. It is to recognize that the area of interests which could reasonably be regarded as the proper object of settlement on the part of separate sovereign States has, through quite impersonal and unforeseen causes, enormously contracted; that the area of interests common to all States has proportionately widened; and that, therefore, the only way to avoid collision is to substitute for the struggle for exclusive economic advantages a common code, defining in advance the terms on which those advantages shall be shared.

LECTURE V

THE LABOR MOVEMENT AND EDUCATION

In this chapter on the policy of the British Labor Movement towards some of the educational problems with which England is confronted, I am concerned with nothing so ambitious as a discussion of educational methods or an estimate of educational philosophies. Educational theory is the province of the expert, in particular of the psychologist; educational practice is that of the teacher, and no layman will presume to instruct him about it. My purpose is a humbler one. While education is an art, with a technique of its own, the systems in which it is organized are a social product in which the doctrines of the theorist are fused, sometimes easily, sometimes only after acute tension, with practical realities in the shape of political traditions, economic necessities and the historical structure of society. Its institutional framework reflects the dominant characteristics of the communities in which it has developed and their prevalent conceptions of social expediency, and reflects them with such fidelity that the observer is sometimes tempted to imagine that, as a naturalist is said to be able to reconstruct the skeleton of a vanished species from a single bone, so the historian of the future may be able to deduce the salient features of the social organization of a past age from the impress which it has stamped upon the typical educational institutions of different societies.

As these characteristics change, educational systems and policies change with them; and the great

crises and achievements of European civilization, the Medieval Church, the Reformation, the Revolution, the rise of the modern centralized State and the immense economic reconstruction of which England was the pioneer and which has since spread to the whole world, have all left deep and permanent marks on European education. Naturally, therefore—to turn from great things to small—educational organization in England has been profoundly affected by the social ferment of the last generation, of which the intensified political consciousness of the mass of the population, if it is the most conspicuous, is neither the only, nor the most fundamental, expression. In the nineteenth century, as was inevitable in a society still strongly imbued with an aristocratic tradition, the impetus to educational reforms in England came from above, from the churches, from the universities and from the State; and its results were accepted with acquiescence rather than enthusiasm by those for whom they were designed. The new thing in the last decade is the emergence of a demand for the extension and improvement of educational facilities among the rank and file of the population. The great increase in the demand for secondary education, which results in the number of pupils applying for admission to secondary schools being largely in excess of the school places available for receiving them, is one sign of it. The rapid growth in the activities of working-class organizations, such as the Workers' Educational Association, concerned with adult education, is a second. The instantaneous and not ineffective protest against the deplorable policy of reducing educational facilities in the name of economy, now happily abandoned, is a third. The charac-

ter of the programmes of educational reconstruction advanced by bodies representing the Labor Movement, part of which, I am glad to say, are now being put into operation, is a fourth. And the statement common twenty years ago, that public opinion was indifferent to education, is today less commonly met than the criticism that it exaggerates its importance, forgets that human capacities are both limited and unequal, and is more concerned with the welfare of the next generation than with the comfort of the taxpayer. How far that stricture is justified it is difficult for one who has spent a good deal of time in urging that educational extravagance is the truest economy, to discuss with detachment. But the error, if it is an error, is at least not too common, nor, I hope, an ignoble one. The social aspirations, which have created the industrial and political labor movements, have in fact had as their counterpart the growth of an educational idealism which regards the widest possible extension of educational facilities as the indispensable condition of realizing the type of social order which it is the purpose of those movements to bring into existence. At a time when mankind is staggering under the use of its own material triumphs, it is not surprising that in all countries alike an increasing volume of opinion should be asking whether the possibility of rebuilding a tolerable civilization does not depend, at least in part, on the deliberate cultivation of human faculties of which the proper name is education. All I am concerned to do in this chapter is to explain the main educational ends at which the Party now in power in England aims, and the methods which it advocates for their realization.

The educational organization of a community re-

flects not merely conceptions of general significance, but the provincial peculiarities of its political structure and social traditions. In England, where, unlike some countries, the educational system has not been created by the State, but is an imperfectly unified amalgam of institutions old and new, private and public, local and national, the administrative fabric, both for good and for evil, is more complex than elsewhere: and I do not propose to say more about it than is necessary to explain the form in which the problem of educational development presents itself. The fundamental characteristic which distinguishes English education from that of America, and which sets the English reformer his first problem, is that in the former, unlike the later, public education developed late in the history of an old and stratified society, was for the first two generations subdued to the medium in which it worked, and only after prolonged effort succeeded in asserting its own standards and canons against the pressure of a tough and unyielding environment of social tradition. Of the four principal forces which have moulded it in the last hundred years—religion, class organization, economic interests, and the thought of educationalists and teachers—the last, until almost our own day, has been incomparably the weakest. A story is told of a remote village in the west of England, where, in the middle of last century, the venerable lady who was its female squire and parson in one, drafted a catechism for the village children. One of the questions was, "What are laws?" and the answer which the lips of infant innocence were required to make was, "Laws are wise institutions, to preserve the rich in their possessions, and restrain the vicious poor."

The incident occurred before the development of public education, and the same sentiment, veiled in a decorous drapery of philosophical terminology, is still not altogether unknown even in more enlightened communities. In the early days of English public education, it epitomized not unfairly its spirit. In origin a social rather than an educational category, primary education was established with religious, economic, or humanitarian motives, for those whom the official language of the time described as "the children of the Labouring Poor," and its original intention was the discipline of a class, not the culture of a nation. The peculiar stratification of English society in the nineteenth century decided that secondary education should not be built upon primary education, but should be parallel to it, so that they formed in origin not successive stages in a single system, but different systems of education designed for social groups whose capacities, needs and social functions were supposed to be so different as to make a unified structure at once impracticable and disastrous. The pressure of economic interests limited the school life, and even in our own day has prevented the establishment of the system of universal and compulsory continuation school, for which provision was made by the Education Act of 1918.

Naturally, the absurder of these fantasies have disappeared with the decline of the social order which produced them. The better English primary schools are probably as good as any in the world, and there is more equality of access to higher education in England than in France or Germany, though less than in Switzerland, America, and most British

Dominions. Naturally, the whole conception of a system which graded the quality of education and the opportunities for obtaining it not according to the capacities of children, but according to the vulgar irrelevancies of their parents' income, was from the start repugnant to the assumptions of a movement which believes that social inequality is at best bad manners and at worst involves a grave waste of character and intelligence.

In these circumstances the task to which the Labor Movement feels that it is called in handling public education is that neither of an iconoclast nor of a conservative. Having taken part for many years in educational administration and worked in close touch with schools and universities, members of the Party are well aware that the quality of an educational system cannot be modified by a stroke of the pen. What they desire is not to destroy existing values, but to widen the area of their influence, to free those parts of our system which are educationally significant both from intrusive economic interests and from the dead wood of anomalies inherited from a social order which has vanished, to insist that the criterion of educational policy shall be neither administrative convenience, nor the supposed necessities of industry, but the realities of child life as revealed by a study of the facts of its development, and to give practical effect to the truism that the primary aim of educational organization is not to prepare children to fit into the moulds or to acquire the formulæ thought desirable by the existing generation of adults, but to enable them, when they are children, to be healthy children, in order that when they are

men they may define their own attitude to the world for themselves.

Nor is Labor opinion much perturbed by the objection urged by those—still in England, at least, a not inconsiderable number—who argue that large expenditure or widening educational facilities and improving the quality of education is undesirable, on the ground that all but a minority of children are not—as the phrase runs—worth prolonged or intensive education. The criticism that education is of minor social importance because it cannot alter inherited qualities—because "you cannot put an edge on a leaden knife"—seems to it to be based on a misapprehension both of the facts of social organization and of the claims made by the educationalist. On the one hand, granted (what no sane man denies) the reality and importance of differences of natural capacity, without easy access to higher education special capacity will rarely, except by a fortunate accident, be discovered. On the other hand, a high standard of universal provision is not less important than the intensive cultivation of exceptional capacity, for it is the condition of the intelligent coöperation without which civilization is impossible. Most modern societies have given much thought and effort to democratizing the machinery by which opinion is registered. But before opinion is registered, opinion must be formed. What is evident today, if one compares the practical working of democracy with the anticipations of it formed by its earlier pioneers, is that it is precisely in the weakness of the means by which men are prepared to form an intelligent opinion, in the liability of the individual to be overwhelmed by mass suggestions which he has not learned to criti-

cise, in his reluctance to undertake on his own account the painful process of analysis, and in the ease with which, as a consequence, he succumbs to the great modern art of organizing delusion through the press, that one capital weakness of our society is to be found. But the ability to resist delusion depends partly on the habits of intellectual initiative which it is one of the objects of education to develop. A wider diffusion of it, and an improvement in its quality, is not, therefore, the demand of idealogues, but the condition of the harmonious working of any society based not on coercion but on consent. If, in short, what is desired is selection for leadership, then it seems to Labor that only the prolonged education for all can make intelligent selection a reality; if what is desired is a community where the average citizen is healthy, alert and responsible, and is immune to the grosser illusions at once of an exaggerated class egotism and of a self-complacent patriotism, then these qualities can only be cultivated by education.

The significance of principles lies in their application. Let me try to illustrate the direction in which we desire to move by describing shortly some of the main problems which confront us in England. Though intolerably complex in detail, the broad outlines of our system of public education, with which alone I am concerned, are simple. At the foundation are the primary schools containing in England and Wales some six million children, attendance at which is obligatory for all children not being otherwise educated. Above, and overlapping with these, come various forms of secondary education, providing for about three hundred and sixty thousand children

from eleven to sixteen or eighteen, consisting of schools of every variety of type and history, and standing in several different relations to the State, but having the common characteristic that they are financed wholly or partially from public funds, and comply with the regulations laid down by the Board of Education, together with certain other schools, known as central and junior technical schools, which, though logically parts of the secondary system, are for administrative reasons separate from it. Above these are the higher ranges of technical and professional education, and the Universities and University Colleges, self-governing corporations, which, in the case of two of them, Oxford and Cambridge, are financed mainly from endowments and fees, but in the case of the remainder derive nearly half of their income from grants of public money.

In the ferment of the last thirty years, all parts of this system have been in swift and continuous movement. While still in several respects behind that of America, public education in England has been revolutionized on a scale of which Englishmen themselves, unless they have given special attention to the subject, are hardly conscious. In the sphere of primary education the school life has been lengthened by the establishment of a minimum school-leaving age of fourteen; the grosser forms of child-labor have been abolished; and, thanks largely to the example of other countries, and not least of America, the primary school now provides for needs, appeals to interests and makes use of methods which a generation ago had hardly entered the consciousness of even the most advanced reformer. Since 1902, when an important Education Act was

passed, public secondary education, long the weakest part of our system, has been developed, if not out of nothing, at least out of chaos; the secondary school population has grown roughly fivefold; and the gulf between primary and secondary education (which in America has never to the same extent existed) has been partially bridged by means of free places, scholarships and maintenance allowances. In the course of the last quarter of a century, the number of Universities and University Colleges has been more than doubled; the development of secondary education has widened the clientele from which they draw students; and since all of them now, on a greater or less scale, conduct extramural education work among adult students, they have been brought into a new relation with young men and women who desire, while continuing to work in industry, to carry on serious studies of a humane character.

The principal problems which today present themselves to the reformer and in which the Labor Movement has been interested are four: the improvement of the quality of primary education, including—a vital point—the improvement of the qualifications of the teacher; the development of secondary education in such a way that instead of the vast majority—roughly 85 per cent—of the children ending their education at fourteen, all normal children may pass, as a matter of course, to one or another of several different types of secondary schools at the age of eleven or twelve (roughly at adolescence), and remain there till at least sixteen; the strengthening of university education by the provision of more liberal financial assistance, and, in particular, the removal of the economic barriers which still make access to a

University too difficult for men and women of small means; and the development of the extramural work undertaken by the universities in the last fifteen years in the shape of adult education provided for working-class students who are unable to find the time to reside for several years in a University, but who desire education of a university type to develop their personalities and fit them for work in the various movements in which they are interested.

To carry out such a programme completely will require the steady effort of a generation, and I will not weary you by doing more than indicate the points at which movement is taking place. The assumption from which the policy of Labor starts is that the primary aim of education should be not to impart information but to assist growth, in which information is an important, but not the most fundamental, element, that school organization must be adapted to the facts of child development, not the development to the organization, and that, while paying due regard to practical necessities, we need not be too much concerned with considering what we can do to enable the next generation to fit without friction into our existing social arrangements, since a more important question is what a generation brought up under the best conditions the community can offer is likely to do with us. If the aim of education is to promote growth, its first care must obviously be the physical well-being of the children. There is no department of education in which greater progress has been made in the last fifteen years. Thanks to the work of the School Medical Service, established in 1907, the main facts are known, and it only remains for us to act on them. They show that for English children in the

twentieth century life is still a somewhat dangerous business. Every year a new race of about nine hundred thousand souls enters the United Kingdom. It is born into surroundings which, whatever their other merits, have not been designed to contribute to the survival of children. Though infant mortality is lower in England than in any European country except Holland, more than one in twelve die within twelve months; and in some parts of large cities above one in eight. The causes which kill them do not of course spare the remainder, and there is not, as is still sometimes ignorantly suggested, an elimination of the unfit to the advantage of the survivors. On the contrary, as was proved long ago in London, the curve showing the height and weight of children varies inversely with the curve of infant mortality, children born in a year in which infant mortality is high being, when of school age, smaller and weaker than those born in a year in which it is low. Of the children who enter our primary schools at five years of age, about 35 per cent, the principal medical officer of our Education Department tells us, are suffering from physical defects which hamper their education, and, if neglected, will permanently injure their health.

The time has long since passed when it could be argued with plausibility that these were matters which did not concern the educationalist. His task is to aid the rising generation to equip itself for life, not merely to furnish it with certain literary accomplishments. The purpose of a school is simply to provide an environment in which children may exercise their powers; and attention to their health is not an addition to their education, but part of their educa-

tion, and at certain ages the most important part of it. Naturally, therefore, the weight of Labor, both in Parliament and on the Local Education Authorities who are responsible for the administration of our Education Acts, is steadily thrown on the side of securing that such attention is made more effective by the establishment of nursery schools, a great increase in the number of open-air schools, the improvement of school buildings, the standard of which is often deplorably low, and the increase of facilities for treatment offered by the School Medical Service. Naturally, again, it is anxious to encourage the development of those methods of organization within the school, of which America has, I think, been a pioneer, which aim at the development of initiative among the children, rather than at the acquisition of information, and throw upon the child itself as large a responsibility as possible for the planning and organization of its own work. The experiments now being made in this direction are an illustration of the impact of changing social ideas on conventional educational methods. When primary education was first made universal in England by the Act of 1870, the primary schools were concerned in the main to produce an orderly, civil and efficient population, with sufficient education to understand an order. And they did it, on the whole, with great efficiency. Our problem today is obviously different; it is to enlist the active and critical intelligence of the mass of mankind in the solution of our common problems, and if that habit of independent thought is to be cultivated, the foundation of it must be laid in the primary school. The practical result is that every year less emphasis is laid upon discipline and the study of

books and more upon practical activities. Great as are the improvements which have been made, the characteristic vice of all branches of my profession —the disposition of the teacher to believe that he is broadening his pupils' mind when in reality he is only elongating his own consideration—has still not wholly disappeared, and there is still room for giving more effective expression to the platitude that the matter which is of educational significance is not what is said by the teacher but what is done by the child. A good school is not a place for compulsory instruction, but a community of young and old engaged in learning by coöperative experiment; what we need in English primary schools is far more opportunities for practical work for the child—not, of course, to prepare him for industry, but to educate him by giving him the opportunity of handling the materials of life, which, in the days of home industries, he formed and through the lack of which his personality is impoverished—far more occasions on which he is encouraged to assume responsibility and to act for himself instead of listening; the relegation of class instruction from its present predominance to the position of an occasional expedient for bringing children together with the heightened glow of a common effort; for both teacher and child far more freedom and individual adjustment of work to individual needs.

Such reforms are obviously not of the kind which can be introduced by the fiat of even the most enlightened government. What the State can do is to make it easy for the teacher to apply the methods which the progress of his art has taught him to trust, by ensuring that he is not hampered by the obstacles

of deficient equipment or *personnel.* And owing to the policy of saving money by cutting down expenses for education, the position in England with regard to these matters—in particular with regard to staffing —has recently been such that I am ashamed to speak of it. Rather more than sixty years ago Matthew Arnold, then an inspector of schools, urged that no class in an elementary school should contain more than forty children. Up to the present year the regulations of the Board of Education fixed a maximum of sixty, and the last statistics show that out of 457,000 classes in the primary schools of the country, there are over 27,000 with more than fifty and actually nearly 5,000 in excess of the legal maximum. In such conditions, as every practical teacher will appreciate, education, as distinct from the rehearsal of incantations,—sometimes harmless, sometimes harmful and always futile,—is an impossibility, and the teacher is in danger of being reduced to the position of a policeman gesticulating in front of a crowd which is compelled under legal penalties to attend at the performance.

The steps which the Labor Movement (in agreement, I think, with most educationalists) have urged, are three. In the first place, the present Government, soon after assuming office, notified Local Education Authorities that no class in a public school would be allowed to exceed fifty children, and that within reasonable time the maximum would be reduced to forty. In the second place, measures are under contemplation for securing that a larger proportion of the teachers in primary schools, instead of receiving, as 85 per cent of them do now, a two-year course in a Training College which attempts the impossible task

of combining simultaneously general education with professional training, will graduate in Universities and prepare themselves for their profession in a year of specialized post-graduate work; and though it will be some time before that programme is completely realized, we may look forward, I think, to a not distant future in which practically all men teachers and a substantial proportion of the women will receive a University education. In the third place, a beginning has been made with the crucial task of developing public secondary education, which is the key not only to an improvement of the quality of the teaching profession, but to almost every other educational advance, and which is at once the youngest and the weakest part of our educational system.

To the educationalist the meaning of secondary education is simple. It is adolescent education. Primary education is education which is preparatory thereto, and to isolate it from the larger whole of which it ought to be a part is at once educationally unsound, since it is to do violence to the facts of human development, and economically wasteful, since much of the expenditure on the earlier stages of education matures only when they are passed. But owing to the historical reasons which caused primary and secondary education to be organized in England not as successive stages of a single system, but as separate systems between which bridges were afterwards thrown by means of scholarships, at the present time only about 10 per cent of the 600,000 children who leave our primary schools every year pass to secondary schools, and four-fifths of them receive, during the critical years between fourteen and eighteen, no further education whatever. The

result is serious demoralization among some and a grave waste of capacity in nearly all. Naturally, there is no question of passing all children through the same kind of curriculum. Naturally, as secondary education is extended, the variety of type of school must be increased, and provision must be made for the large number of children—probably the majority—who develop most easily under the stimulus, not of theoretical studies, but of practical activities. But the general direction in which we ought to move is not open to question. The most recent expert inquiry stated that 75 per cent of the children in the primary schools are qualified to profit by full time education up to sixteen. The policy accepted by Labor is to regrade our educational system so that up to that age it may form a continuous whole, within which children pass from one type of school to another, unhampered, as now, by competitive examinations, and without the abrupt plunge from education into industry at an age when they are not yet ripe, either physically or mentally, for wage-earning employment. What this means, in effect, is a large increase in the number of secondary schools, the abolition of the fees which are still charged in most secondary schools in England, and the development of an adequate system of maintenance allowances to enable parents of small means to dispense with the earnings of their older children.

Teachers and buildings cannot be improvised, and it will be more than a decade before even half the children leaving primary schools continue their education to sixteen years. But the principle is in process of being accepted, and the present Minister of Education, by pressing education authorities to

erect the needed schools, by encouraging them to increase the age of compulsory school attendance to fifteen, by increasing the provision for scholarships and free places, and by making increased contributions from the exchequer towards the provision of maintenance allowances, has given the necessary impetus to secure its progressive, if necessarily gradual, application.

When the educational effort of a community is functioning effectively each element in it stimulates the activity of every other. The ferment in the earlier stages of education has naturally had a profound effect on English universities, by increasing their number, by widening their clientele, and by adding to the range of their activities. The work of an English University is broadly speaking threefold. In the first place, by providing opportunities for research with the necessary material equipment and the impetus of a common intellectual effort, it is to promote the advancement of knowledge which is one condition of civilization. In the second place, it is to offer education to young men and women who desire to give several years to continuous study as a condition of entering a profession for which a university education is a necessary preliminary. In the third place, what is perhaps more characteristic of England than it is of America or other countries, it is to meet the requirements of adult students, who, without intending to abandon their ordinary occupations, are nevertheless anxious to establish and maintain contact with the most advanced work in the fields which specially interest them.

The principal problems which confront a government which desires to develop university education

are correspondingly simple. Men cannot think, if they cannot live, and if they cannot think as they please, without fear of official interference or of the pressure of an intolerant public opinion, their thought is worthless. The first need is to ensure that the work of universities is adequately financed, and that public assistance is not accompanied by irksome methods of public control. The second is to ensure that talent finds an easy passage to the education best suited to develop it, unhampered by economic obstacles or by shortage of accommodation. The third is to enable the universities to expand the work which they are already doing in the sphere of extra-mural education, by putting at their disposal the resources needed to enable them to cultivate a new, important, and, until the present century, a neglected field.

Since the assumption of the Labor Movement is that the quality of social institutions can be greatly improved by the application of organized knowledge, it naturally regards with sympathy the institutions on which the development of knowledge principally depends, and its severest critics would not argue, I think, that university education was likely to suffer from the advent to power of a Labor Government. Roughly one-third of the income of all universities apart from Oxford and Cambridge comes from grants from the Treasury; owing to the campaign for the reduction of expenditures which began three years ago, they were reduced by the last Government; and the present Ministry has taken steps to restore them to their former level. Between 1914 and 1922 the population of English and Welsh universities was doubled, and now stands at about 33,000.

But it compares unfavorably with that of Scotland—8.3 as against 21.4 per 10,000 of the population—and it is still harder than it is in America for the boy of small means to find his way to a university. What has been done this year is to supplement the existing provisions in the shape of scholarships by the reëstablishment of a State scholarship system, under which, to begin with, 200 scholarships are to be awarded to young men and women from public secondary schools, the number being increased later as the demand expands.

Nor is it only by the action of the present Government that the attitude of the Labor Movement towards higher education is to be judged. In England voluntary effort normally precedes the activity of the State, and the most remarkable of the educational developments of the last twenty years has been the spontaneous growth of a movement which aims at organizing higher education for men and women, mostly manual workers, who, while continuing to work in their ordinary occupations, desire it, not for motives of professional advancement, but in order to widen their outlook on life, and so equip themselves to play a responsible part in the affairs of the world. It has assumed various forms. But its most complete and typical expression is the activities of the Workers' Educational Association, and since that body has been more successful than any other organization in enlisting the coöperation of the universities and the State, perhaps you will allow me to conclude by describing briefly the objects at which it aims and the work which it has accomplished.

The Workers' Educational Association came into existence in 1903, and is now a federation of some

thousands of trade unions, coöperative societies and other working-class organizations, together with a number of educational bodies, such as universities and public education committees. Its object was neither to provide technical instruction, which is adequately supplied by public authorities, nor to select exceptional capacity for special cultivation. It was to provide higher education not for the talented child of working-class parents, but for the workman who remains a workman all his life, to offer the miner, the engineer or the weaver the same type of liberal education, based on history, literature, economics and political science, as a young man or woman obtains in a university, and by so doing, not to facilitate the transformation of the manual worker into a professional man, but to secure that in every industrial city, workshop, trade union branch and coöperative society there should be a growing number of men and women who have by serious work equipped themselves at once to spend their leisure reasonably and to understand the problems of political and industrial organization with which democracy in England is confronted. Naturally, such a programme was pronounced to be Utopian; the demand, it was said, did not exist, and if students were forthcoming, their work would be a pastime, not a serious intellectual effort. The progress of the movement is a sufficient answer to the first statement, the verdict of the teachers, universities, and inspectors concerned in it to the second. What the Association did was to approach the universities with a request to provide teachers, to pay part of their salaries, and to set up committees composed of equal numbers of academic members and representatives of Labor organizations

to supervise the work, and at the same time to secure that part of the educational costs should be met by grants from the Education Department.

At the present time every university in England and Wales has established a joint committee and takes part in the work. The most advanced type of classes—the University Tutorial Classes, as they are called—which provide a three-year course, number 400 and contain just over 11,000 students; the shorter classes, lasting from one to two years, contain about 20,000. The Board of Education, which is not in the habit of regarding with excessive indulgence applications for financial assistance, paid from the start a grant on an unusually high scale on the ground that the work done is equivalent to university work of an Honors standard, and has this year promised to increase it. But generous as on the whole both universities and the Board of Education have been, the demand for classes has far outrun the resources available, and every year large numbers of applications are refused because the Association has not the means of financing them.

Naturally, in a nation of forty millions, a movement embracing twenty thousand or thirty thousand adult students is nothing to boast of, and I do not desire to overestimate the importance of the work which has been done. But if its scale is small, its quality, methods and social effect have been significant. For one thing, it has given a new meaning to the words "education for democracy." Till recently, educational policy in England was unduly dominated by the conception expressed in the phrase, the educational ladder. It was thought important to encourage the intensive cultivation of special ability by

facilitating the entrance of children from elementary schools into secondary schools, universities and the professions, but unnecessary to provide higher education for those who would remain throughout their lives in the rank and file of industry. That view of educational policy still has its advocates, but it is not suited to the circumstances of a country like England, where the working classes are determined to control the Government and are no longer willing to acquiesce in the idea that the position of the mass of mankind must permanently be such that they can achieve culture only by escaping it. The adult education movement is a corrective to it. Its aim is not merely selection for higher education, but as far as possible a general provision of higher education. It is to make it accessible not only to those who will occupy a position sometimes described as higher than that of the workman, but to men and women who will continue throughout their lives to work in the factory and mine and who do not need it the less because they are unable to give up the years of adolescence and early manhood to obtaining it. It is, in short, to make higher education as universal as citizenship, because one of the conditions of good citizenship is higher education. For another thing, the Adult Education Movement has widened the horizon and increased the efficiency of the men and women who form the backbone of our social and industrial movements. The students belong to every shade of economic and political opinion. But naturally the men who take an interest in education are also the men who take an interest in public questions. Apart from the born scholar, who is rare in any section of society, the members of the classes are the more

thoughtful young workmen who take an active part in the trade union or coöperative movements and who desire to study the theoretical aspects of matters in which they already have a practical interest, and who when they leave them will play some part in public affairs. As a result, working-class movements are gradually obtaining the educated personnel which is needed if they are to carry successfully their immense responsibilities.

Finally, and not least important, the movement has had, I think, a marked effect on the character and outlook of the universities themselves, by strengthening the connection between them and the non-academic world. I hope it is not profane to say that one of the dangers of academic work, at least in England, is that, absorbed in its own exacting problems, it may become divorced from the general life of the community, and thus miss the opportunity either of getting or of giving the inspiration which springs from the mingling of different types of experience. The increasing attention given by English universities to extramural work does something to redress the balance. The Labor representatives who sit on university committees learn something of university organization, and their colleagues learn something of educational aspirations of which otherwise they would have no direct experience. Most historical or economic opinions involve, after all, a judgment not merely as to facts, but also as to political and social expediency, which is not the less decisive because it is often unstated; and that judgment is inevitably colored by the nationality, by the previous experience, by the social *milieu* of those who give it. Inference may be as dispassionate as logic can make it,

but it is a wise teacher who knows his own premises. The university teacher of history, political science or economics sees his subject in a different perspective when he has spent some years discussing it with those who have approached it along another channel and interpret it in the light of a different type of experience. The result is that the intellectual outlook of both is widened, and that in time even the youngest teacher and the youngest student come to believe it possible that they may be mistaken. The road to impartiality, at least in the social sciences, is to be found not by keeping partialities out, but by bringing all partialities in; and if the movement for adult education in England had done nothing else, it would at least have contributed to the temper of mutual tolerance, appreciation, and sympathy without which no considerable social reconstruction is likely to be attempted, or, if attempted, to be successful.

LECTURE VI

THE LABOR MOVEMENT AND SOCIALISM

In the previous chapters I have endeavored to give a brief account of the origins, organization and policy of the British Labor Movement. But the essence of a movement is not to be understood merely by an analysis of its constitution and programme. The world of temporary and changing expediencies, which is the sphere of the creature whom Adam Smith called "the crafty and insidious animal, commonly known as a politician," is merely a fragment projected from a larger underlying mass of interests, traditions and aspirations, which are not immediately visible or easily assessed, but which give it at once its momentum and its stability, and in which the forces subsequently to rise above the threshold of consciousness in the form of political agitation are matured. This unseen psychological substratum, being the product of experience, varies from one social group to another, according to the circumstances which mould its life and work; and being crystallized in habits, it changes only very slowly. It is often inarticulate, and the proverbial futility of political prophecy is the measure of the degree to which it is apt to be misinterpreted or overlooked. But it is this which determines the reaction of a nation to the issues confronting it, and which, therefore, I take it, the student of politics desires to understand. Having discussed certain particular aspects of the British Labor Movement, let me now try to draw the threads together in a brief examination

of what, for lack of a better phrase, I will call its social philosophy.

Each age has its own political ideology. The characteristic conception of eighteenth century England, the outlook congenial to the landed aristocracy who, with a powerful infusion of commercial interests, controlled the old régime, was of an ordered and graded society in which power and property naturally went together, and the poorer classes who held no share in the common stock were properly regarded as the beneficiaries of the charity of the rich, but had no claim to control the common undertaking. That of its successor, the middle-class democracy created by the industrial revolution and admitted to power by the first Reform Bill, was not unfairly represented, both in its virtues and its limitations, by the philosophy of Bentham. Rationalist, complacently unhistorical, individualist in its economics, devoted to free trade, freedom of contract, and light taxation, persuaded that well-being was a commodity which every prudent and enterprising person could purchase for himself, and for which the State, when it tried to provide it, charged an exorbitant price, it was intensely interested in the structure of political bodies and little in their functions, and, while insisting that the machinery through which political opinion is registered must be democratized, was indifferent both to the process by which opinion is formed and to the institutional environment by which the economic opportunities of different groups and classes in society are in fact determined. That system of ideas, though it reached its zenith between 1850 and 1890, survived in its main features, with constantly broadening concessions to

other influences, down to 1914. But from the fifteenth century onwards, the English political scene has always been transformed by war, and the scale of the last struggle was vast enough to leave no institution or doctrine untouched. Just as the contest with Napoleon ended by freeing the commercial classes from the last vestiges of aristocratic control, so in the long run it seems probable that one main result of the recent conflict will be to bring the working classes to a new position in the State.

Of this change, the rise of the Labor Party is the most obvious symptom. What it means is that the "third estate" has ceased to associate the idea of government with that of property, and that, as the tendency of the legislation which followed the Reform Bill of 1832 was to make a world in which the profits of business men were economically possible and legally secure, so, upon the basis of the Reform Act of 1918, it will be the tendency of legislation in our own day to create a world in which men who have no commodity to sell but their labor can enter more fully into the riches of civilization. Nor are the institutions and methods employed by the second movement likely to be substantially different from those used by its predecessors in English history. Political theories are like the samples which makers of clothing use to advertise their wares. When they are made up into fabrics for daily use, they lose something of the brightness of their color and the distinctiveness of their texture. To the theorist the difference between them is absolute and unbridgeable; and the attitude of the speaker whose peroration concluded, "I don't believe in conservatism, or liberalism or any other ism: I believe in socialism," is one which

is not uncommon even among members of more reputable parties. But in England, which is incurably politically-minded, all doctrines pass sooner or later into the arena of the House of Commons, and have to be considered with reference to the uninspiring form which they will assume when they become the schedule to an Act of Parliament. In becoming political they lose the sharpness of their outline, and are broken up into the successive stages in which alone they are susceptible of being handled by political machinery.

Hence, if the objects of the Labor Movement are properly to be described as revolutionary, that does not prevent it from relying to make a revolution on precisely the same methods as the most conservative of its opponents. It does not envisage the reforms which it desires as involving the methods of violence which were used by the landed aristocracy at the time of the Reformation, or by the triumphant bourgeoisie who tore down the old régime in Europe in the eighteenth century, and the method of persuasion by parliamentary action is today accepted by an overwhelming majority of the Movement. It is true, of course, that from time to time the idea of using economic power to effect or prevent social changes has been discussed in England, as in other countries, by groups who stand both on the Right and on the Left of politics. In 1917, for example, industrial action by the conservative officers of a trade union—the Sailors' and Firemen's Union—prevented certain members of the Labor Party going to Petrograd and later to Paris, because the officials in question disapproved of the objects of the visit. In 1918, when the authorities controlling a public hall in London

refused permission to hold a Labor demonstration there, the Electricians' Union met this particular form of direct action by direct action of their own, and compelled a reversal of the decision. But in each case, the objective was limited to some immediate issue, and in neither was there any question of using trade unionism as a means of revolution. In European politics, as a conservative minister once plaintively remarked, "there is always a Left to the Left of the Left," and the theory that Parliament is by its very nature incompetent to carry out large social changes is held by a small minority, the Communist Party, which for that reason among others has been refused admission to the Labor Party. Their thesis is an interesting subject for speculation, which deserves more thought and less denunciation than it usually receives. But it is the creed of only an insignificant fraction, and is at present devoid of practical importance. It is possible to conceive circumstances in which direct action might be used as a weapon of defence, for example, if any attempt were made to narrow the franchise, or if an organized effort were made to sabotage the administration of an Act of Parliament. But in that case it would be used, not merely by trade unionists or manual workers, but by nine-tenths of the whole nation, and if only for that reason, such an attempt is not in the least likely to be made. Apart from improbable circumstances of that kind, the strike as a weapon will continue to be confined to the industrial objects of the strikers, as the lockout will be to those of their employers.

The truth is that the implications associated with the general strike in some other countries are not

congenial to the traditions or temper of the British Labor Movement. Natural enough in a pre-democratic age (it first appeared in England in 1839, with the "Sacred Month" of the Chartists), it seems out of place at a time when Labor is in a position to form a government. The thousands of members of the Party who have acquired administrative experience in connection with local governing bodies, as well as with trade unions and coöperative societies, are well aware that if any serious change is to be made, it requires prolonged discussion and preparation, and that it can be permanent only if based on general consent. They are not disposed, therefore, to provoke a reaction by attempting a *coup d'état,* which if successful would leave all the larger questions of social reorganization unsolved. Whether it is possible for an industrial civilization, bound by economic ties to the whole world, to go through the swift transition experienced by some agricultural countries—the kind of change which led the *émigrés* of 1792 to say when they returned that France was inhabited by a different race of beings—is a question which I must not pause to discuss. For good or evil, that kind of revolution, whether by Bolsheviki or by Fascisti, is not congenial to the British Labor Movement.

It would be a great mistake to suppose on that account that it does not mean business, or to infer from the suavity of its methods that it is likely to hesitate in the realization of its ends. When in 1642 the Parliament levied war on Charles I, it did so amid protestations of ardent loyalty, in order, as it said, "to deliver his Majesty from evil councillors." But that did not prevent the army, seven years later, from cutting off his head. British democracy will con-

duct its campaign with equal politeness and less inhumanity, but with not less determination. It will not take arms, or send the evil councillors to the scaffold. It will vote them into their appropriate obscurity. Relying on the parliamentary methods to which it is accustomed, it realizes that the changes which it desires must come successively and not simultaneously, as public opinion is ripe for them, that they must be sufficiently concrete to be embodied in a Bill, must be fought clause by clause through the House of Commons, and must be followed by the creation of suitable administrative machinery to make them effective. On this work they have been engaged for a generation. Now that they have formed a government of their own, they do not desire these methods to be superseded by revolutionary pronunciamentos, but to be accelerated and made more efficient.

Such a procedure is less exhilarating to the observer than the attempt to effect a sudden transformation by a swift act of the popular will, and foreign critics are accustomed to reproach the British Labor Movement with its lack of the Socialist spirit. If the test of Socialism is a grasp of the theories of Socialist writers, the criticism is justified. But the aim of a movement is to be gathered less from the formulæ to which it vows allegiance than from the nature of the particular measures to which it recurs in order to meet specific problems. From the time when the movement first began to return to politics in the nineties, down to the explicit affirmation of the Socialist objective in the Constitution of 1918, the acceptance of Socialist ideas by nearly all of the more active spirits and by a steadily increasing proportion of all sections of society, has been the single most

impressive fact of British politics. This disillusionment with an industrial system and social order, which, if it has left many evils in existence, has undoubtedly been accompanied over a long period by an advance in the standard of life of the mass of the population, seems to many sympathetic observers so extravagant in its perversity that it is important to understand in what exactly the gravamen of Labor's criticism of existing institutions consists. Economists point to the increase in real wages before the war, to the reduction in the hours of labor, to the rising standard of consumption, and to other indices of the increase of prosperity, and they are at a loss to understand why large numbers of thoughtful men and women, instead of concentrating their attention on making possible the acceleration of this progress by increasing the output of wealth, are more and more determined to effect a change in the organization of industry, the powers by which it is controlled, and its relation to the State.

If it were the case that the aim of the Labor Movement were merely or mainly to secure better material conditions, higher wages and greater comfort for the mass of the population, that criticism of it would have, perhaps, some measure of justification. But, in that case, it would be of little interest to the philosophical student of politics, for it would be merely applying in its own interests the same pecuniary standards of value as are applied already by those who control the economic power of the existing order, and its assumptions would be as materialistic and inhumane as those of the system against which it is directed. In reality, it may be suggested, it is not merely or mainly against the evils of

material misery—appalling though they often are—that the mind of the working classes, not only in Great Britain, but in many other countries, is increasingly in revolt; nor is it merely by an increase in economic prosperity that their dissatisfaction can be appeased. In every discussion of society there are two large groups of questions which emerge. The first is primarily economic. It is concerned with the adequacy of material resources, and with the possibility of increasing them. The second is primarily ethical, or, in the larger sense of the word, political, and is concerned with the possibility of organizing production and distributing wealth in such a way that, whether those resources are great or small, the general result may be recognized as substantially equitable.

To confuse these two issues, or to overlook either of them, is to darken counsel, because it means that the disputants are arguing in different dimensions. They do not agree; they do not even disagree; they never meet. Thus, when publicists emphasize that, if the total national dividend were equally divided, the addition to the average income would be inconsiderable, or discuss various methods of increasing the output of industry, it is obvious that the considerations to which they call attention are of great interest and importance. But it should be equally obvious that if their argument is designed to appease popular agitation, it is in the nature of an *ignoratio elenchi*. Neither past history nor present experience lends much support to the view that industrial struggles would be less acute, or good will and coöperation more continuous, if, while the relative position of different classes remained unaltered, everyone

were twice as well off as he is today. In Great Britain real wages were probably two-thirds higher in 1913 than they were in 1860, but the revolt against the industrial order was far more powerful and widespread at the later date than it was at the earlier. Miners and railwaymen are better off than agricultural laborers and seamstresses, but it is the former and not the latter who are the protagonists in the industrial struggle. Other things being equal, an increase in wealth is doubtless in itself desirable. But to regard it as the single issue worthy of serious attention, and to represent it as an automatic solvent of our economic problems, is in such sharp contradiction with experience as properly to be described as Utopian. It is like advising a man with a broken leg to grow rich by marching to the point where the rainbow ends. The journey is not likely to be undertaken, and, if undertaken, it is not likely to produce the result desired. The problem of social reconstruction lies, in reality, on a different plane. It is so to organize social arrangements, that whether a community is rich or poor, it may be able to turn to good account the resources which it possesses, and to take advantage of such opportunities of further wealth as the progress of science may put into its hands.

While, therefore, the Labor Movement is by no means indifferent to the importance of increasing the output of wealth, while, indeed, one of the main counts in its indictment of the existing economic order is the waste both of natural resources and of human capacity which accompanies it, the main note of its criticism, at least in England, is ethical rather than purely economic. It is the child, not of Marx, great man though Marx was, but of Robert Owen,

of Ruskin and of Morris. And it would continue to insist on the necessity of social reconstruction even though it could be shown that no great increase in the material wealth of the average family would result from the change. That criticism, for long inarticulate, would be expressed in different ways by different sections of the Movement, but its general tenor is simple. There are two things which the mass of mankind, at any rate in Western Europe, and in modern times, have nearly always resented. For lack of better words, they may be called Privilege and Arbitrary Power. The most obvious expression of privilege is income divorced from service or disproportionate to it. The most obvious expression of arbitrary power is the control over the life and work of other persons by men who are not responsible for their actions except to themselves. It was, of course, precisely against these things that the Liberal Movement of the eighteenth century, which overthrew the old régime and made our modern economic system, rose in revolt, with its watchwords of individual freedom and equality of opportunity. And those to whom it opened undreamed-of possibilities of wealth and influence asked with genuine surprise, "Now that all men are legally free to do what they please and to become what they can, now that feudal aristocracies have fallen and absolute monarchies have been tamed, what grievances remain which require to be redeemed by political action?" Their own philosophers, if they had troubled to understand them, could have supplied an answer. One of the great figures of modern history, Thomas Jefferson, in a prophetic passage in his *Notes on Virginia,* remarks that what saved America in his day from the industrialism

which horrified him when he looked at Europe, was the existence of free and abundant land. And in countries where the bounty of nature and the possibilities of continuously expanding economic enterprise gave each man an effective, and not merely a nominal, choice between working for wages and setting up as an independent producer, the creed of individualism long justified its claims, for the man who was dissatisfied with his present position could escape from it to another.

Such conditions have existed at one time or another in most European countries. They have continued forever in none. Nor can they continue, for the resources of nature are not unlimited; the scale of economic organization grows; and sooner or later the moment arrives when the individual can no longer find an independent niche for himself, but must sell his labor to one who will employ him. Over a great part of Europe, with its dense populations and highly concentrated industries, that has long been the normal situation. The mass of mankind are wage-earners; and though no barriers of caste limit their opportunities, though each of them is legally free to set up in business for himself, what is possible for each is not possible either for all or for the great majority. A simple calculation will show that the chance of any one of the eleven hundred thousand miners in Great Britain becoming a mine-owner, or of the million employees of the United States Steel Corporation becoming a manager or director, is arithmetically so minute that no prudent man will stake his happiness on the possibility of its being realized.

In such conditions, the old problem of securing for every man an actual, and not merely a contingent,

right to "life, liberty, and the pursuit of happiness" reappears in a new form. To the thoughtful workman who examines the practical operation of the industrial system in a country like England, the course of modern industrial development appears to have reproduced in a novel version, without design and by the mere logic of events, the very evils which its earlier pioneers expected that it would expel from the world forever. On the one hand, the typical modern industry—mining, or railway transport, or banking, or insurance—is carried on by corporations or joint-stock companies, with shareholders who take no direct part in the work of production. The test of the success of a business is the dividends which it pays to them, or sometimes to those who promote it in the first instance. There is an increasing separation of ownership from management, and both in England and in America the movement towards combination has been so widespread that the optimism which regarded competition as a guarantee of fair prices and efficient service survives only in those mausoleums of economic antiquities, the economic textbooks. On the other hand, the working *personnel* of industry consists mainly of hired wage-earners, among whom must be classed not only manual workers but the comparatively new and rapidly growing body of salaried managers, under-managers, scientists and technicians of one kind or another. And while from both groups individuals are constantly rising into the ranks of the *entrepreneurs* who direct industrial policy, the majority of both must achieve well-being as wage-earners or not at all. Though they have succeeded after long struggles in making good their claim to bargain through their

agents as to the conditions of their employment, they normally have no voice in the larger questions of business organization and policy, on which their livelihood depends. The miner may be convinced that large economies can be produced by grouping the mines as part of a single system, the engineer that there are profits which do not appear in balance sheets, the dock-worker that regular employment can be secured by better organization; but they have no power, as workers, to make their views prevail, or even to secure that they are discussed. The legal right to control the industry is vested in those who own the capital in it, and who take the risks of losing it. The reply to the workman who raises these questions is apt to be immediate: "Your job is to work. We will do the thinking for you."

These relations are, of course, softened in practice by mutual courtesy and common sense, and, above all, in England, by the influence of trade unionism. But it is against them, rather than against mere poverty, that the mind of democracy is now in revolt. To an increasing number of its members, modern industrial organization appears to vest in those who direct industry a power over the lives of their fellow-men which few human beings are fit to exercise and which few human beings in their saner moments would claim, and to result in income to some considerable, if uncertain, extent being received without any positive service to the community in return for it. In a great modern business, with fifty or a hundred thousand employees, the economic opportunities and personal welfare of populations as large as classical Athens or medieval Florence may be dependent upon the decision of a dozen directors who, though personally

often humane and intelligent, neither live nor work under the same conditions as those whom they control, and who, whatever their private sympathies, are in the first place the trustees, not of their welfare nor of that of the community, but of the pecuniary interests of absentee shareholders. Such conditions—in the classical sense of the word, a Tyranny —are natural in the violent youth of an industrial system which, even in England, has little more than a century of history behind it, and which in America is younger still. But Englishmen have not expelled arbitrary power from the throne in order to see it reëstablished in the factory and the mine; nor have they stripped their landed aristocracy of its privileges in order to transfer them to a plutocracy distinguished neither by birth nor by culture, but at best by economic statesmanship, and at worst merely by a nose for money. And they will deal with the latter as they dealt with the former. What they are seeking, in short, amid many inconsistencies and hesitations, is some reconstruction of industry which will at once make those who direct it accountable to the community for their actions, and increase the practical freedom of the mass of mankind by increasing their power to control the material conditions on which their livelihood and well-being depend.

The development, elaboration and partial application of these ideas is the history of the British Socialist Movement. Compared with Continental Socialism, British Socialism has been tentative and experimental, saying little about the inevitability of class struggles and much of the possibility of cooperation for communal ends, carried forward by men many of whom would indignantly repudiate the

name Socialist, sitting lightly to theories, caring little for consistency, and swinging, according to the economic and political circumstances of the moment, from emphasis on industry as a social function to be carried on for the direct service of the whole community to insistence that no social order is tolerable in which the organized producers do not have an effective voice in determining their own industrial conditions. As far as theory is concerned, it passed in the forty years between 1880 and 1920 through two main phases, each of which was marked by emphasis on certain broad ideas, and each of which led to reaction through failure to appreciate their limitations. In the first, which ran from 1880 to about 1910, the eyes of the newly revived Socialist Movement were increasingly concentrated on the creation of a new social order by the action of the State, to the neglect of the possibilities contained in industrial organizations. It was the period which saw the final stages of the movement towards the democratizing of political machinery, which had begun sixty years before with the first Reform Bill. Not only was the franchise extended for the third time in 1884, but in 1888 and 1894 new organs of local government were created which the workmen could hope to capture more easily than the House of Commons, and the obvious policy was to use them in order to undermine the still powerful individualism of the Liberals, to extend public control over industries suitable for municipal management, and to make public provision for social needs. The favorite formula was nationalization and municipalization. In spite of the epoch-making work of Sidney and Beatrice Webb, trade unionism was often criticised as a mere palliative which would dis-

appear with the disappearance of the class struggle which produced it, and the Socialist programme was envisaged as a simple supersession of the capitalist employer by the public official.

This phase produced considerable practical results. It destroyed individualism as a coherent intellectual creed; it was responsible for the promotion of much useful social legislation; and it led to a wide extension of public enterprise on the part of the larger municipalities. But its limitations were obvious. Formulated at a time when the advanced thought of the movement was concentrated on inducing Labor to take up the political weapon and form a party of its own, it was apt to underestimate the rôle of trade unionism in creating an organ through which vocational interests could find expression. And since, apart from the special case of certain local services, public ownership was still only a remote possibility, it contented itself with initiating a general formula, and never seriously worked out the concrete administrative organization needed before nationalization could be made a working reality. The result, caused partly by the rapid growth in the power of trade unionism, partly by disillusionment with the slow results of political action, was a reaction in which emphasis was shifted from the consumer to the producer, and the instrument of social change was regarded as consisting less in the action of Parliament and local governing bodies, than in a more highly developed and better organized trade unionism. The mass of the population, it was argued, had little to gain by the mere substitution for the capitalist employer of a public authority whose decisions they would in practice be equally unable to affect. If they

were to achieve not merely increased material comfort, but a new status of authority and responsibility, they could do so only by making good their claim, not merely to bargain as to wages and hours and working conditions, but to have an effective voice in questions of industrial policy and administration. The natural organ through which that voice could be exercised was the characteristic and spontaneous creation of industrial democracy, the trade union. Hence, in one industry after another, the decade between 1910 and 1920 saw the emergence of the suggestion that the really effective alternative to the dictatorship of the capitalist was the development of democracies of producers for the control of industries and services. The trade union movement, it was thought, might be so extended and reorganized that the conduct of the nation's economic activities might increasingly be taken over by vocational associations.

Each of these doctrines has left its trace on the thought and aims of British Socialism, but neither has been accepted to the exclusion of the other. On the one hand, with the growth of effective democracy, public opinion no longer dreads an increase in the activities of the State, for it is confident that it can control them. But its conception of the State itself has been widened. When it demands state ownership or control, it thinks less of a mere expansion of the existing bureaucracy than of the creation of new public authorities, such as permanent commissions to administer mines or railways, which, while necessarily responsible in the last resort to Parliament, would not hang on the changing fortunes of political parties or take their character from the particular

ministry which happened at any one moment to be in power.

On the other hand, it is sympathetic to the demand that those who work in an industry should have an effective voice in questions of industrial organization. But it is not syndicalist. For though all men are syndicalists as far as their own profession is concerned, though the doctor and the lawyer and the teacher and the soldier and the sailor dislike the interference of ignorant laymen even more than do the miner and the engineer, public opinion recognizes that since industry is, or ought to be, a social function carried on to serve the community, it must be the community which has the final voice in questions of industrial policy. What it looks for, therefore, is a reconciliation of the claims of the State and of groups of producers which will secure due representation for the latter, while reserving the right of ultimate decision to the former.

Much ingenuity has been devoted, in particular by the Guild Socialists, to showing how such a reconciliation can be effected; and I must not inflict the details of the discussion upon you. The truth is that to the British Socialist the realization of his Socialism presents itself not as the application of a clearly conceived and sharply defined theory, but as a tendency—a tendency which has as its goal the gradual and progressive extension of democracy from the field of government to that of industrial organization. As a consequence, he is tolerant—too tolerant—of inconsistencies, and more anxious to travel with each movement as far as it will carry him than to define clearly their relative positions in a final synthesis.

From that disposition to regard Socialism not as a transformation making all things new, but as the conscious application on a larger scale of methods of coöperation to which he is already accustomed, certain practical consequences follow. For one thing, there is no question of the catastrophic obliteration of vested interests and sudden ruin of the classes dependent upon them, such as took place, for example, in several parts of Europe at the time of the Reformation, or, again, in France in 1791 to 1794. However much the Socialist may disapprove of income without personal service, he recognizes that the law has allowed it, that, if the community desires to modify it, the community must pay for its past mistakes, and that when an industry is transferred to public ownership due compensation must be granted.

For another thing, the Socialist has of course no hostility, such as is still sometimes ignorantly suggested, to the abstract conception of private property. When informed that private property is the foundation of civilization, the question which he asks is, "Property is what?" The idea that the institution of private property is a thing fixed and unalterable, and that a peculiar sanctity attaches to the particular forms of it which happen to exist at a given moment, is one which has been held in every age since the time when the medieval baron protested against the action of the Crown in stripping him of his seigniorial franchises by writs of *quo warranto*. And it is an illusion which a very moderate acquaintance with the facts of social history is sufficient to dispel. Roads, bridges, ferries, civil and military offices, rights of fishing and hunting, rights to tax and to coin money, rights to the compulsory labor of other

persons, rights in human beings themselves, have all at one time or another been private property, have all of them been declared to be indispensable to civilization itself, and, so far as most European countries are concerned, have all of them been extinguished or nationalized. The view that the private ownership of the existing instruments of production is invariably and necessarily and of its very nature more sacred than that of these things, or that private property is not threatened when the State buys out the owner of a private bridge, but is threatened when it buys out the owner of a private coal mine or private railway, is one which cannot be held by any person who gives serious thought to the subject.

The important and difficult questions lie on another plane. They are those not of principle, but of expediency in any particular case, and they can only be decided when the particular case arises. The view of the Socialist is that with the immense growth in the scale of economic organization, certain things which formerly were suitable for private ownership can no longer safely be entrusted to it, and that to treat a modern steel works or shipyard as though it either were, or could be, private in the same sense and to the same degree as the forge of the village blacksmith, is to do violence to the realities of life. But while holding that it is not tolerable that services on which the well-being of the whole community depends, and in which thousands of persons are engaged, should be administered by private individuals with a single eye to their own pecuniary gain, the aim of the Socialist is not to diminish those forms of property which are in effect an extension of personality, but greatly to increase them. He observes that

when, owing to private property in urban land or in capital, the landowners of a city or shareholders of a corporation take several millions a year in rents which they have done nothing to earn or in profits inflated by the ownership of a monopoly, there are so many millions less in the shape of food, clothing and education for those who live upon the site or buy the goods produced. He desires to increase the property of the latter, in the shape of their personal possessions,—houses, gardens, domestic paraphernalia of all kinds,—and to do so he is obliged to limit the property of the former. He recognizes that the line between private and public ownership has shifted again and again. He has no desire to eliminate the numerous small producers who still survive in industry or agriculture, or to curtail the activities of the economic pioneer engaged in meeting new wants. And he judges particular proposals for extending public ownership by the circumstances of the particular case, and in particular by the practicability of establishing an organization by which the service in question can be effectively administered.

Nor does he conceive that organization itself as conforming to one standard pattern or as based on the recognition of only one set of interests. Quite apart from diversities of structure necessitated by the technical differences of different industries—by the impossibility, for example, of a highly centralized organization in the case of coal mines, or of a highly decentralized one in the case of railways—he sees, when he looks at the development of industry in the last half century, several claimants to economic sovereignty besides the owners of capital whom he desires to replace. Thus, in Great Britain,

for example, there is in the first place the steady growth of the Consumers' Coöperative Movement. Founded exactly eighty years ago in the back street of a Lancashire town by some starving weavers on strike, it now consists of fifteen hundred stores, catering for some three and a half million families, with a turn-over of two hundred million sterling a year, and federated in the great wholesale organizations which supply the retail stores and which themselves produce in their own factories goods to the value of about sixty millions a year, conduct some of the largest flour mills, boot works, furniture factories and clothing establishments in the United Kingdom, own tea gardens in Ceylon and wheat farms in Canada and import their own produce in their own steamers. The significance of the movement is not merely its conspicuous commercial success, but its economic methods and organization. Governed directly by committees representing those who consume the goods supplied, limiting its payment to capital to 5 or 6 per cent, and returning any surplus profit to the consumer in the shape of dividends, not on capital invested, but in proportion to the purchases made, it has proved by its success within its own sphere of operations the practicability of a system under which production and distribution are conducted, not to secure the largest possible profits for individuals, but for the direct service of those who use the goods.

The same result has been achieved in a different field through the development of the services organized by local authorities, which between them administer a capital of some fifteen hundred million sterling, employ about seven hundred thousand workers

of different kinds at a wage bill approaching two hundred millions a year, and supply goods and services to the value of some three hundred millions. Nor is it only in the development of industries controlled by the representatives of those who use their products that the British Socialist is disposed to see the germs of a new social order growing up within the shell of the old one. Side by side with the efforts of consumers to supply their own needs, he notes the increasing disposition of different groups of producers to enlarge the economic area with regard to which they claim to be consulted, and the adoption by an increasing number among them of programmes involving the displacement in certain great foundation industries of the private employer by some form of public authority. And he is disposed to argue that the direction in which the social movement is tending is the establishment of some kind of partnership between the citizen as consumer, the citizen as producer and the citizen as member of the State, concerned not only with economic needs but with all the interests of civilization and with the welfare of posterity.

If this analysis is correct, British Socialism is likely at once to be less revolutionary in method and more complex in organization than was supposed by the theorists of a generation ago—less revolutionary, since it will be based on the development of institutions which are already in existence, more complex, since it will include a variety of different types of organization. While the Labor Movement looks forward to transferring, as soon as circumstances allow it, coal mines, railways, and possibly later insurance and certain kinds of banking to public ownership,

it is equally anxious to encourage municipal enterprise and the largest possible extension of the activities of the coöperative movement; and while reserving the last word in making decisions on policy to the representatives of the consumers for whom the service is carried on, it is disposed to emphasize the importance of ensuring that representatives of the producers' organizations are given a position of influence and responsibility in the organization of the service. At the same time, since such changes must inevitably be gradual, there will be a steady pressure in the meantime to raise the standard of conditions obtaining in private industry, not merely in such matters as the regulation of the wage contract by the extension of factory legislation and of minimum wage legislation, and by more stringent conditions as to public health and the employment of children, but also by a deliberate attempt to secure that industries directed by private enterprise are carried on under continuous public criticism and with due regard to the interest of the community in securing a cheap and efficient service.

It is perhaps, indeed, in its attitude towards the claim of those who direct industry today to be the self-appointed guardians of economic progress that public opinion has in the last decade undergone the greatest change. On the one hand, the experience of the war, with the necessity which it imposed of maximizing production and minimizing waste, gave a shock to the easy-going disposition to take that claim at its face value. On the other hand, the rapid growth of various forms of combination has made the public more sensitive to the danger of partial or complete monopoly. The result is, that while recognizing the

impracticability of immediately effecting sweeping changes, the sentiment of the Labor Movement is in favor of establishing the maximum possible publicity in industry, and where partial or complete monopoly is proved, of setting up an authority with power to control prices. The latter measure, with all its familiar difficulties, is obviously dependent upon the first. For as long as the public has no accurate information either as to costs of production or as to profits, it is in no position to form any judgment either of the reasonableness of the charges made against it, or of the merits of disputes which arise between employer and employed. The tradition of secrecy in business seems to the Labor Movement to be a survival from the days of small-scale enterprise, when the affairs of each business could properly be regarded as its private concern, and to be out of place in an age of great industrial organizations vitally affecting the welfare both of the consumers, who use their products, and of the workers dependent upon them. It looks forward, therefore, to the recognition of an overriding interest on the part of the community, and to the practical expression of that interest in the provision by a public department —in England presumably the Board of Trade—of regular and exact information as to the financial standing and results of each important industry as a whole, and of the various units composing it. It seems to it that publicity, which has been the great antiseptic of British political life, will in the future be an equally effective antiseptic of economic life; that with such publicity established, much of the atmosphere of suspicion which poisons industrial relations today will be automatically dissolved; and

that both needless disputes and extortionate prices may be checked by the simplest and least cumbrous instrument, the force of a fully informed and critical public opinion.

One's judgment of the practicability of political and social changes depends ultimately on one's conception of human nature. Since that is a subject on which every one is an authority, I propose to spare you my own reflections. Many who would sympathize with the aims of such a programme if they believed them to be attainable, are deterred from supporting it by the apprehension that in diminishing the opportunities of personal gain open to successful enterprise, it must weaken the springs of economic effort, and react ultimately with disastrous effect on those whom it is designed to benefit. In accepting as its goal Socialism in the sense in which I have tried to define it, the British Labor Movement is neither indifferent to the importance of increasing the output of material wealth, nor under any illusion as to the possibility of a radical change in the incentives by which the mass of mankind are moved in their daily work. In a world where nature yields a return only to coöperative effort, the organization of that effort must always be a capital interest of society, and the energy with which it is given must always be related to the return which it offers to those by whom it is made.

But because men must work in order to live, and must be paid for working, it does not follow that the economic progress of the world depends on vesting the control of the instruments on which their industry depends in the hands of a minority of owners, who are interested in increasing production only in

so far as it contributes to their own pecuniary gains, who occasionally find it more profitable to themselves to limit production rather than to augment it, who are not responsible to the community for whose service industry is carried on, and who, in some cases at least, draw from the common stock a return which appears to bear no assignable relation to what they put into it. Rightly or wrongly, without questioning that such an arrangement may have been a necessary stage in economic development, the Socialist believes that the time has now come when we can do better, and that under modern conditions of large-scale industry it is possible to increase not only the material well-being, but the social equality and practical freedom of the mass of mankind by so organizing our economic life that payments are made, as far as possible, for service, and for service only, and that the surplus over what is needed for current needs and future production is not absorbed by the owner of special advantages, in the shape of property rights in land and capital, but is used to raise the standard of health, opportunity and education for all. He observes that not only the mass of wage-workers, but an ever increasing army of technicians, scientists and administrators work, not for profits, but for fixed payments, and work not less energetically on that account. He sees that in the course of the last hundred years, at least in England, one form of economic organization after another has come into existence in which the ultimate control rests not with the owner of capital but with the representatives of the consumers or the community, and that there has been a not less remarkable advance in standards of professional competence, honor and disinterested-

ness. While recognizing that there will always be an economic frontier left to the pioneering activities of individual enterprise, it seems to him that the great organized industries are in fact public services already, since public welfare depends upon them, and that in the future their leaders, if adequately remunerated and allowed reasonable liberty of action, will do their work with as much pride in its efficiency and as little regard to dividends as the best type of civil servant, or soldier, or doctor, or head of a university does his today.

And the British Socialist is fortified in these alarming heresies by observing that, in spite of all the difficulties of social tradition and economic organization, the foundations of such an order do gradually tend to establish themselves, even in the communities to which it appears most repulsive. I remember a delightful visit to the West of America. After passing some weeks in a State-owned park, and driving through fifty miles of State-owned forests, I crossed a river on a public ferry, and after traveling some distance on a municipal tram, was conducted over the civic electric works, the tax-supported hospital and the public schools, tried in vain to obtain refreshment at several saloons which had been closed without compensation by the State, and finally visited the State University, where I heard a professor of economics, whose salary was defrayed from public funds, deliver to a body of several hundred students, whose fees were paid from the same source, a lecture on the importance of untrammeled private enterprise and the dangerous immorality of Socialism. As I listened with awe to his statement of principles—eloquent, lucid and intimidating—I re-

called the answer of a London school child to a question addressed to her as to the use of certain common objects of daily life. "What," she was asked, "are pins used for?" "Pins," she replied, "are very useful things. They have saved many people's lives by not a-swallowing of them." I pondered sadly on how much less collectivism there was in my own effete country, and I reflected that perhaps, after all, we were not as good Socialists as we liked to hope, nor my hosts as unregenerate individualists as they affected to believe.

INDEX

Accidents in coal mining, 80-81
See also Safety, industrial.
Africa, diamond mines of, 110; gold mines of, 110
Agricultural communities, 11
Agricultural countries and economic advantage, 44, 46
Agriculture, 64; laborers in, 153; and Labor Party, 37; small producers in, 165; and Trade Boards System, 54
Alliances, military, 100, 101
Allies, armies of, 18
America, Civil War in, 106; coal deposits of, 64; coal-mining in, 66, 76; combination in, 156; foodstuff supply of, 44; higher education in, 123, 138, 172; imports of, 107; industrial revolution in, 22, 106, 158; in Jefferson's day, 154-155; political organization in, 7; public education in, 122, 127, 128, 131, 172; public enterprise in, 172; raw material supply of, 44; university extension work in, 136
Aristocracy, 12, 21; landed, 145, 147, 158; and power, 12, 145, 146
Aristotle, 63
Armaments, 108; competing, 101; limitation of, 102
Arnold, Matthew, 20, 133
Asia, land area of, 107; population of, 107
Association, professional, 26
See also Collective bargaining; Trade unions; Working classes, organization of.
Athens, 157
Australia, 105; Labor Government of, 9-10
Austria, economic fate of, 46

Backward peoples, exploitation of, 115
See also Exploitation of undeveloped areas.
Bagdad Railway, 110
Ballot Act of 1874, 19
Banking services, 44, 167
Beaconsfield, Lord. *See* Disraeli, Benjamin.
Belgium, mining industry in, 76; Socialist and Labor Parties of, 96
Bentham, Jeremy, 145
Bismarck, O. E. L. von, 19
Black lists, 27
Blind, old-age pensions for, 57
Bolsheviki, 149
Brainworkers, salaried, 23, 43, 156, 171
See also Professional and business classes.
Bray, J. F., 15
Bristol, Labor Party in, 37
British Dominions, higher education in, 123-124
British Empire, position of England in, 10; proposed commercial union of, 103-106, 111
Budget, 3, 59, 60
Building, increase in, 56

Cambridge University, financing of, 127, 137
Canada, 105, 166
Canal traffic in coal, 66
Capital, 23

Capital, 18, 19, 157, 161, 165, 171; foreign investment of, 20, 109, 110, 112, 115, 116-117; levy, 57-59; profits to, 109, 156, 157, 163, 165, 166, 171; war destruction of, 44, 47
See also Coal mine-owners, profits of.
Carlyle, Thomas, 20
Carpenters and Joiners, Amalgamated Society of, 18
Centralization, 85, 87, 88, 89, 90
Ceylon, 166
Chain-makers, 49-50
Charles I, 149
Chartism, 15, 16, 17, 19, 30; and "Sacred Month," 149
Child-labor, 127, 168; hours of, 53, 54
China, economic opportunities in, 111
Church, Medieval, the, and education, 120
Churches and educational reform, 120, 122
Citizenship and higher education, 141
Civilization, European, 99; and knowledge, 136; world, 100
Civil Service, 86; British, 1, 90
Class consciousness, 17
Closed shop, 27
Coal, 47; American, 107-108; European, 107, 110; French import of, 106; German output of, 110; reparations, 97
Coal, British, 45; consumption of, 66, 66-67; cost of mining, 73, 74, 88; distribution of, 66, 67, 69, 70, 73, 78, 82, 83, 88; and electrification, 48; export of, 66-67, 68-69, 69, 70, 114; output of, 65-66, 66, 67, 68, 69; prices of, 67-68, 69, 70, 73-74, 74-75, 114
See also Coal industry.
Coal and Coke Supplies Committee, Central, 69
Coal Controller's Department, 69, 70, 73, 83; Advisory Board to, 69
Coal Exports Committee, 69
Coal industry, Commission of 1905 on, 65; Commission of 1919 on, 71, 72-76, 79, 82, 83, 85, 89; competition in, 67, 69, 77; conditions of labor in, 68, 75, 80-81; discipline in, 91, 92; elementary facts of, 64-67, 73; faults of existing organization of, 68, 72-75, 76, 77-79, 84, 88; importance of, to Great Britain, 64; Labor's policy towards, 32; legislation concerning, 68-70, 80, 90; nationalization of, 52, 62, 71-72, 82, 83, 85, 86-93; nationalized administration of, 87, 88-90, 93; necessary decentralization of, 89-90; organized labor in, 50; and pooling of surplus profits, 69, 70, 75; and private enterprise, 63, 65, 66, 67-68, 74-78, 79, 81, 82-83, 88; proposed District Councils for, 90; proposed partial control of, 83; proposed regulated monopolies in, 83-85; and subsidizing of collieries, 69, 70, 75; wages in, 68, 70, 80; war control of, 68-70, 75, 83.
See also Coal, British; Coal mine-owners; Coal miners; Coal mines.

Coalition Government and League of Nations, 102
Coal Mine-owners, 65, 71, 83; on Advisory Board to Coal Controller, 69; agreement of, with Coal Controller, 70; associations of, 68; combination of, 67-68; guaranteed profit to, 70, 75; lack of cooperation among, 68, 77-78; and municipalized distribution, 82; and nationalization of minerals, 82; profits of, 74, 75, 79, 84; relations of, with miners, 84, 88, 91, 92
Coal miners on Advisory Board to Coal Controller, 69; character of, 92; enlistment of, 68; Federation of, 91; and foreign market, 97; health and safety of, 68, 80-81, 90, 91; hours of, 29, 68, 80; and industrial representation, 80, 81, 84, 90, 90-91, 92, 93; relations of, with mine-owners, 84, 88, 91, 92; and reorganization of the industry, 70, 71, 72, 73, 79-81, 92, 93; strength of Labor Party among, 37
See also Coal industry; Miners.
Coal mines, capital invested in, 65; method of working, 65, 66, 73; output of, 65-66, 66, 67, 68, 69, 80, 90; ownership of, 65, 73, 82
See also Coal industry.
Coal Mines Agreement Confirmation Act, 69-70
Coal Mines Regulation Acts, 68
Coal-mining Organization Committee, 69
Coasting traffic in coal, 66
Cobden, Richard, 112
Coffee, trade in, 107
Coke Supplies Committee, Coal and, Central, 69
Cole, G. D. A., 41
Collective bargaining, 21, 50, 156-157
Collectivism, 51
Colliery levy, 69, 70
Colonies. *See* Imperialism, economic.
Combination, 77, 156, 168; among collieries, 67-68
Combination Acts, repealed, 15
Commerce and nationalism, 112
See also Economic rivalries; Markets; Trade.
Commercial class, 12, 21, 146, 147
Commons, House of, Labor group in, 1, 6, 22, 28, 38, 39, 40, 42, 43; trade unionists in, 21
Communications, 108; interrupted by Great War, 44, 47
See also Transport.
Communist Party, 148
Competition between colliery companies, 67, 69, 77; free, 20, 22, 23, 156
Concessions, colonial, regulation of, 116
Conservative Government and League of Nations, 102
Conservative Party, 22; and collectivist measures, 51, 58; funds of, 37; and rural areas, 38
Consumer, 23, 48, 78, 79, 85, 91, 160; and coöperative movement, 18, 78, 166, 167, 168, 171; and nationalization of coal industry, 71, 72, 75, 90; worker as, 13
See also Public service.
Consumers' Coöperative Movement, 166

See also Consumer and co-operative movement.
Consumption, 20, 151
See also Consumer.
Coöperation and civilization, 125; and economic internationalism, 112-113; international economic, 102, 106, 112; for public service, 158, 163, 170 (*see also* Public service)
See also Coöperative movement.
Coöperative movement, 18, 30, 78-79, 142, 149, 167, 168, 171; Consumers', 166; and Labor Party, 13, 38; statistics of, 13; Utopian period of, 18; and Workers' Educational Association, 139
Corn Laws, repeal of, 21
Cost, real, of foodstuffs, 47
Costs and minimum wage legislation, 55
Cotton, market for, 97; trade in, 107
Cotton operatives, 97; and protection, 104-105
Cotton spinning industry, 23, 50
Currencies demoralized by Great War, 44

Dawes Report, 101
Death duties, 51, 52, 58, 60
Debt, national, British, 57, 58, 59
Defence of the Realm Regulations (coal), 69
Democracy, 11, 14, 17, 157; conservative, 19; middle class, 145; political, 15, 17, 62, 149-150, 159, 161
Diamond mines of Africa, 110
Dickens, Charles, 20
Diplomacy, 2, 108
Direct action, 147-148, 148-149
Disraeli, Benjamin, 19
Distribution of coal, 66, 67, 69, 70, 73, 78, 82, 83, 88; system of coöperative societies, 78-79; of wealth, 5, 45, 47-48, 49, 56-57, 59, 60, 61, 152, 171 (*see also* Capital, profits to)
District Mining Councils, proposed, 90, 91
Dock-workers, 50, 56, 157

East, industrial revolution in, 106; Middle, economic possibilities of, 110; trade with, 97
Economic development, historical study of, 23
Economic interests and international affairs, 94, 97-98, 109, 112
See also International unity, economic.
Economic issues, importance of, in England, 10
Economic Journal, The, 58
Economic resources, human beings principle of, 60
See also Natural resources.
Economic rivalries, 102, 106, 108, 109-110, 111, 112, 116, 117
Economic thought, changes in, 12, 22
See also Social thought.
Economic unity. *See* International unity, economic.
Education, aim of, 124-125, 125-126, 129, 130, 131-132; in America, 122, 123, 127, 128, 131, 136, 138, 172; of backward peoples, 115; in British Dominions, 123-124; and economy, 121; and formation of opinion, 124-125, 125-126, 131; in France, 123; in

Germany, 123; and health, 129, 130-131; political, 36; popular interest in, 121; primary, 134; secondary, 134; social organization and, 119-120, 121-122, 129, 131, 137; in Switzerland, 123
See also Education, British.
Education, British, 49, 51, 52, 57, 59, 119-143, 171; Acts, 123, 127, 131; Authorities, Local, 131, 133; Board of, 4, 127, 133, 140; Department, 130, 140; development of, 122-123; and economic interests, 122, 123, 124; and economy, 4, 41, 120, 121; financing of, 127, 128, 133, 135, 137, 139, 140; and health, 129-131; higher, 123, 125; and industry, 127, 132, 135; of laborers, 30, 40, 41, 48, 50, 56, 120, 123, 128, 129, 136, 137, 138-143; and Labor Government, 3-4, 133, 137, 138; Labor programme for, 31, 33, 41, 42, 43, 52, 57, 60, 121, 124-125, 126, 128-129, 131, 133-134, 135; and maintenance allowances, 128, 135, 136; Minister of, 4, 56, 135; numbers receiving, 126-127, 128, 134; popular interest in, 120, 121; and practical work, 132, 135; primary, 4, 123, 126, 127, 128, 131, 134; professional, 127; and religion, 120, 122, 123; and scholarship aid, 4, 41, 120, 128, 128-129, 134, 136, 137, 138; secondary, 4, 120, 123, 126-127, 127-128, 128, 134-136; social organization and, 120, 121-124, 129, 131, 137; system of, 126-127; of teachers, 133-134; technical, 127, 139; University, 4, 41, 120, 127, 128, 128-129, 134, 136-138; and Workers' Educational Association, 41, 41-42, 120, 138-140
See also Education; Schools; Universities.
Egypt, English occupation of, 110
Electricians' Union, 148
Electrification, 48, 56; and public enterprise, 52
Emigration, 45
Employers and casual labor, 56; relations of, with employees, 14-15, 23, 84, 88, 91, 92, 154, 157-158; and Trade Boards System, 54
Employers' combinations, 11
Engineering industry, 50
Engineers, 97, 157; Amalgamated Society of, 18; and protection, 104-105
England and British Empire, 10; coal and iron of, 19; and coal sale at inflated prices, 114; dependence of, on foreign trade, 10, 44, 46; economic prospects of, 44-47; education in: *see* Education, British; exports of, 20 (*see also* Coal, British, export of); functions of political parties in, 36; imports of, 107; Midlands of, 37; North of, 37; and occupation of Egypt, 110; political effect on, of wars, 146; politics and industry connected in, 25; population of, 47; rural, 37; school children in, 126-127; social stratification of,

10; war of, with Louis XIV, 58; war debt of, 57, 58
See also Great Britain.
Equality of opportunity, 11, 16, 154, 171
Europe, capital of, 109; civilization of, 99, 100, 120; democratic movement in, and foreign affairs, 94-95; division of, by alliances, 100, 101; Eastern, 62; economic unity of, 108 (*see also* International unity, economic); economic disorganization of, 97-98, 100, 101, 103-104; future of, 99-100; and industrial organization, 62, 154-155; industrial revolutions in, 22, 106, 108; markets of, 98; natural resources of, 107-108; population of, 107; standard of life in, 107, 108
Excess profits duty on coal, 70
Expert opinion, 36, 42
Exploitation of undeveloped areas, 103, 108, 109, 112; principles of, 115-117, 118

Fabianism. *See* Social reconstruction through politics.
Fabian Society, 2, 24
Factory legislation, 52, 53, 54, 168
See also Social legislation.
Factory Regulation Acts, 42
Factory safety, 52, 53
Factory sanitation, 52, 53
Factory workers, health of, 52, 53, 54; in Parliament, 43
Farmers and Labor Party, 37-38; and Trade Boards System, 54; and trade unionism, 37
Fascisti, 149
Finance, advisory committee on, 42
Financial groups, international combines of, 117
Florence, medieval, 157
Food production, Director General of, 48
Foodstuffs, 44, 106, 107, 114; cost of, 47, 48
Foreign affairs. *See* International affairs.
Foundation industries. *See* Public ownership of foundation industries.
France, agricultural, 46; higher education in, 123; imports of, 106-107, 107; mining industry in, 76; after the Revolution, 149; rise of *Tiers État* in, 8; Socialist and Labor Parties of, 96
Fraternity, 60
Freedom, 16, 171; of contract, 20, 145; of enterprise: *see* Private enterprise.
Free trade, 20, 103, 145
French Revolution, 14, 163; and education, 120

Garment-workers, 49-50
General strike. *See* Direct action; Strikes.
Geography and international affairs, 94, 99
Germany, 34; change in, during war, 96; coal output of, 110; higher education in, 123; imports of, 107; and industrial organization, 62; market of, 105; mining industry in, 76; population of, 105; and reparations, 101; social and political thought in, 23; Socialist Party in, 24

Gold mines of Africa, 110
Government, local, 149, 159
Government of England, The, 33
Gray, John, 15
Great Britain, birth-rate of, 130; coal consumption of, 67; constitution of, 39; economic viewpoint of, 97-99; economic prospects of, 44-45; export trade of, 98, 104, 105; imperial economic policy of, 103; infant mortality in, 130; and League of Nations, 102; number of miners in, 155; period of industrial monopoly of, 22, 48; population of, 140; tariff policy of, 103, 104; war of, with South African Republics, 110
See also England.
Great Exhibition of 1851, 20

Hardie, Keir, 24
Health of factory workers, 52, 53, 54
See also Public health.
Hodgskin, Thomas, 15
Holland, infant mortality in, 130
Home Office, 2, 73, 80
Hours of work, 29, 50, 52, 54, 55, 68, 72, 97, 103-104, 151, 161; for women, 53, 54; for young persons, 53, 54
Housing, 49, 61
Humanitarianism, 95, 97

Imperialism, economic, 103, 108, 109-110, 112, 118; and economic internationalism, 112-118; and political control, 109, 117
See also Economic rivalries.
Imperial preference, 103, 109, 110, 111, 116
See also British Empire, proposed commercial union of.
Incentives to work, 76, 170
Incomes, supertax on, 52, 60; tax on, 51
Independent Labor Party, 24
Individual enterprise. *See* Private enterprise.
Individualism, 21, 145, 154, 155, 159, 160
Industrial countries, 10, 11, 154-155
Industrial revolution, British, 9, 14, 15, 22, 106, 120, 145; world, 22, 106, 112, 120
Industry, advisory committee on, 42; changing conditions of, 53; control of, 151, 157, 158, 159, 160-161, 161-162; and education, 127, 132, 135 (*see also* Working classes, education of); and national debt, 59; organization of, 22-23, 33, 41, 45, 48, 50, 56, 63, 64, 72, 88, 155, 156, 157, 162; publicity in, 168, 169-170; reconstruction of, 41, 46, 47, 62, 151, 152, 158, 162; State intervention in, 50, 50-51; and Trade Boards System, 53-54
See also Coal industry, proposed partial control of, *and* war control of; Coal miners and industrial representation; Private enterprise; Private ownership; Public enterprise; Public ownership; Social reconstruction; Syndicalism; Industrial revolution.
Influence, spheres of, 103, 108, 109, 116
Initiative, 63, 83

International affairs, 94-118; British economic outlook on, 97-99; determining factors in, 94, 99; and economic disorganization, 97-98, 101; importance of League of Nations in, 101-102; and Labor Government, 2-3; Labor Party's policy in, 32-33, 43, 95; Labor's advisory committee on, 42; Labor's policy in, 31, 43, 95, 96, 97-98, 99, 102, 111, 112-113; Liberal policy in, 99; need for authority in, 114, 115, 117 (*see also* League of Nations); and Parliamentary control, 95; and public interest, 94-95, 97-98, 114
See also Internationalism; International unity.
International Conference of Socialist and Labor Parties, 96
International conferences, 94
Internationalism, 34; economic, 112-114, 114-115, 115-118
International Postal Union, 115
International unity, economic, 97, 106-111, 113, 114, 117-118; intellectual, 100
Investment in exploitable territory, 115, 116, 116-117; in foreign countries, 20, 109, 110, 112, 115
Ireland, British policy towards, 99
Iron, American deposits of, 108; European deposits of, 108; in Morocco, 110
Italy and industrial organization, 62; Socialist and Labor Parties of, 96
Japan and Russian expansion, 110
Jefferson, Thomas, 154
Joiners, Carpenters and, Amalgamated Society of, 18
Jurisprudence, historical study of, 23
Justice, 11, 15
Jute, trade in, 107

Labor, casual, in British ports, 56; supply of, and war industries, 47
See also Unemployment.
Labor Cabinet, 2, 3
Labor Government, Australian, 9-10
Labor Government, British, 12, 31, 94; administration of, 1-2, 2-4, 6; budget of, 3, 60; and national debt, 59; and nationalization of coal industry, 71; reforms of, 6
See also Labor Party, British.
Labor Governments, Eastern European, 9, 10; Scandinavian, 9, 10
Labor Movement, composition of, 12-14, 144; historical evolution of, 13-19, 20-31, 121, 144; organizing age of, 17-19; political, 15, 16, 17, 19, 21-29, 30-31, 104, 120, 121, 150, 160; revolutionary age of, 14-17
See also Labor Party, British.
Labor parties, European, 96; programmes of, 12
Labor parties, local, 35, 37, 38-39
Labor Party, British, 15, 58, 146; advisory committees of, 42; and agricultural questions, 37-38; annual conferences of, 11, 29, 39; candidates of,

37, 38, 39; Central Executive of, 35, 35-36, 41; and Communist Party, 148; Constitution of, 13, 34-36, 40, 150; Constructive attitude of, 42; and coöperative movement, 13, 38; and education: *see* Education, Labor programme for; financial basis of, 36-37, 38; financial policy of, 3, 52, 57-58, 59-60; and foreign affairs, 43, 95 (*see also* International affairs, Labor Party's policy in); growth of, 6, 9, 10, 12, 13, 21, 22, 24, 25-26, 28, 29-30, 34; individual membership in, 35; intelligentsia of, 39, 42; and Liberal Party, 22; mechanism of, 32, 33, 35; in Parliament, 1, 6, 22, 28, 38, 39, 40, 42, 43; parliamentary successes of, 28-29; personnel of, 2, 11, 13-14, 28, 31, 34-36, 39-40, 41-42, 43; policies of, 6, 29, 30-31, 32, 35, 43, 52-53, 54, 55-58, 60, 61, 62, 81, 82; political tactics of, 7; revolutionary in aim but not in method, 4-5, 148; a sectional party, 37; and Socialism, 11, 29, 33, 39, 51, 150; and Socialist societies, 28, 35; social programme of, 43, 49, 52-53, 54, 55-57, 61; and trade unions, 13, 28, 29, 35, 35-36, 37, 38, 39, 39-40, 147; votes polled by, 1, 28

Labor Party, Independent, 24

Labor Representation Committee, 13, 28

Labor Representative League, 21

Lancashire, 98; cotton spinners of, 23

Landlords, 12

Landowners, great, 37; and Trade Boards System, 54

League of Nations, 101-102; and economic rivalries, 102; and loans to undeveloped areas, 116-117

Liberalism, 96, 112; eighteenth-century, 15-16, 154

Liberal Party, 10, 21, 23, 24, 159; and Collectivist measures, 51; funds of, 37; and House of Lords, 28; and international affairs, 99; and Irish question, 28; and Labor Party, 22; and Labor programme, 81; and ownership of minerals, 82; and workingmen, 21, 22

Liberty, 11, 113-114

Lloyd George, David, 81

Local government, 149, 159

London, 9, 97; financial world of, 3; Labor Party's strength in, 37

Lords, House of, 27; and Labor Party, 28; and Liberal Party, 28

Lowell, Abbott Lawrence, 33

Luxuries, 49

MacDonald, J. Ramsay, 2, 24

Machinery market, 97

Malthus, T. R., 45

Man and economic progress, 48; principle of economic resources, 60

Manchester, Bishop of, 41

Manual workers in Parliament, 39, 40, 43

See also Working classes.

Manufactured goods, 44, 47

Manufacturing countries and economic advantage, 44

Manufacturing regions, British, 37
Markets, 44, 46, 50, 97, 98, 105, 108, 109, 111; imperial, 104, 105, 111
See also Commerce; Trade.
Marx, Heinrich Karl, 15, 23-24, 153
Metals, 47; rare, trade in, 107
Middle class, 8, 12, 21, 145, 147
Middlemen, 48, 78, 79
Militarism, 108; anti-, 96
Military alliances, 100, 101
Mill, John Stuart, 23
Mine-owners, coal. *See* Coal mine-owners.
Minerals, private ownership of, 77, 82; public ownership of, 82, 87; value of, 87
See also Coal mines.
Miners, 153, 157; number of, 155; in Parliament, 40, 43; and protection, 104
See also Coal miners.
Miners' Eight Hours Act, 68
Miners' Federation, 2, 91
Miners' Minimum Wage Act, 68
Mines, Minister of, proposed, 88, 89
Mines Regulation Acts, 42
Mining Association of Great Britain, 68
Mining industry, 50, 93
See also Coal industry.
Monopolies, regulated, 83-85
Morocco, exploitation of, 110
Morris, William, 20, 23, 154
Municipalization, 51, 52, 82, 159, 160, 166-167, 168; in America, 172

Napoleon III, 19
Napoleonic wars, 45, 146
National Affiliated Societies, 35
Nationalism, 94, 95, 96, 98, 99, 102, 108, 111, 112, 113; and international dependence, 100
Nationalization, 85-86, 159, 160; already effected, 163-164; in America, 172
See also Coal industry, nationalization of; Public enterprise; Public ownership.
National Mining Council, proposed, 91
National resources, 48, 60, 74, 75, 93, 152, 153
National Trade Unions. *See* Trade unions.
Natural resources, 48, 75, 103, 107-108, 153, 155
See also National resources; Raw materials.
Netherlands. *See* Holland.
New Zealand, 105
Nickel, American import of, 107
Notes on Virginia, 154

Oil, 110; Russian deposits of, 108; trade in, 107
Old-age pensions, 29, 50, 51, 52, 57; beneficiaries of, 57
Old Age Pensions Act, 29
Open door policy, 116-118
See also Influence, spheres of; Internationalism.
Osborne judgment, 29
Owen, Robert, 15, 153
Ownership, divorced from management, 23, 156, 158, 165
See also Private ownership; Public ownership.
Oxford University, 42; financing of, 127, 137

Pacifism, 2
Paris, 147
Parliamentary methods of change, 5, 15, 16, 24, 96, 147, 148, 149, 159, 160

Parties, 1, 10, 21; functions of, 36
Peace, 106; Labor programme for, 34; permanent, 100; and unemployment, 55
Pensions, old-age: *see* Old-age pensions; for widows, 57
Petrograd, 147
Picketing, 27
Pit Committees, proposed, 91
Political economy, laws of, 23
Political education, 36
Political-mindedness of England, 5, 15, 16, 24, 96, 147, 148, 149, 159, 160
Political thought, changes in, 8, 9, 12, 22, 33, 144, 145
Poor Law, 55
Population and emigration, 45; excess, 44, 45; and production, 45; restriction of, 45
Postal services, international, 115
Post Office, 2, 86
Power, arbitrary, 14-15, 154, 157-158
Preferential tariffs. *See* Imperial preference.
Press, 63, 126
Price control, 169, 170; of coal, 69, 70
Price maintenance of coal, 67-68, 73, 75
Price of Coal (Limitation) Act, 69
Prices, 55; falling, 54, 59; rise of, 45
See also Coal, British, prices of.
Private enterprise, 11, 12, 20, 23, 63, 167, 169, 172
See also Coal industry and private enterprise; Private ownership.
Private ownership, 19-20, 63, 164, 165, 170-171; and improvement, 76; of minerals, 77, 82
See also Property.
Privilege, 12, 154, 158, 171
Producer, 48, 85, 155, 165, 167, 168, 169; and combination, 23, 68; worker as, 13, 159, 160, 161, 162
Producers' organizations, coal, 68
Production, 12, 49, 92, 152, 168, 170-171; Food, Director General of, 48; and population, 45, 47, 48; and reparations, 101
Professional and business classes, 1, 2, 13, 43; and Labor group in Parliament, 40
See also Brainworkers, salaried.
Progressive parties of Europe and public ownership, 62
Proletariat. *See* Working classes.
Propaganda, Labor Party, 38
Property, 11, 11-12, 163, 164, 164-165; and government, 145, 146
See also Private ownership.
Prosperity, 107; British (1860-1890), 19, 151, 152; European, 56, 107-108
Protection, 103, 104
Public enterprise, 52, 61, 85, 86, 159, 160, 161, 167, 168; centralized, 165; criticisms of, 87-88, 88, 89; decentralized, 165 (*see also* Coal industry, nationalized administration of)
See also Municipalization.
Public health, 49, 50, 51, 59, 171; Labor programme for, 42, 57, 60, 168
See also Education and health; Health of factory workers.

Publicity in industry, 168, 169-170
Public opinion, formation of, 124-125, 125-126, 131, 144, 145
Public ownership of foundation industries, 32, 52, 53, 61, 62, 63, 85, 86, 93, 151, 160, 161, 163, 164, 165, 167
See also Coal industry, nationalization of; Public enterprise.
Public service, 53, 61, 63, 92, 93, 158, 159, 162, 166, 168, 171, 172
Public services. *See* Public enterprise.

Railwaymen, 153; National Union of, 2, 49; and protection, 104
Railways, 45, 49, 89; and public enterprise, 52
Raw materials, 44, 64, 104, 108, 109, 111, 114; cost of, 20, 105
See also Natural resources.
Reform Act of 1867, 19
Reform Act of 1918, 146
Reform Acts, 8, 19, 146
Reformation, the, 147, 163; and education, 120
Reform Bill of 1832, 8, 9, 15, 145, 146, 159
Reparations, 97, 98, 101
Revolutions of 1848, 15
Ricardo, David, 58
Rochdale Pioneers, 18
Rubber, trade in, 107
Ruhr, the, ten-hour day in, 97
Ruskin, John, 20, 23, 154
Russia, economic disorganization of, 97; and economic unity of world, 106; famine in, 114; and industrial organization, 62; oil deposits of, 108; trade with, 101
Russo-Japanese war, economic cause of, 110

Sabotage, 148
Safety, industrial, 52, 54; for coal miners, 68, 80-81, 90, 91
Sailors' and Firemen's Union, 147
Salisbury, Lord, 2
Sanitation. *See* Factory sanitation; Health of factory workers; Public health.
Sankey, Sir John, 71, 73, 85, 87, 88, 89
Sankey Report, 71, 73, 79, 85
See also Coal industry, Commission of 1919 on.
Saul, 18
School Medical Service, 129, 131
Schools, age of compulsory attendance at, 56, 127, 128, 135, 136; buildings for, 131, 135, 136; continuation, 123; nursery, 131; open-air, 131; primary, 4, 123, 126, 127, 130, 133, 134, 135; purpose of, 130; secondary, 4, 120, 127, 134, 135, 138; size of classes in, 133; technical, 127
See also Education, British, primary *and* secondary.
Science and economic progress, 48; influence of, on history, 7
Scotland, South of, 37; university students in, 138
Security, national, 99, 101, 108; and League of Nations, 101
Self-determination, 100

Serbia, Socialist and Labor Parties of, 96
Shaw, G. B., 24
Shipbuilding industry, 50; and protection, 104-105
Shipping, British, expansion of, 64
Shipping services, 44
Silk, trade in, 106-107
Smith, Adam, quoted, 144
Snowden, Philip, 24
Socialism, 2, 3, 22, 23, 171; British, 24, 25, 158-165, 167-168, 170, 172, 173; and British Labor Movement, 150, 170; and British Labor Party, 11, 29, 33; Continental, 158; Fabian conception of, 24; Guild, 162; organization a necessity to, 17; and trade unions, 22, 29, 159-160, 160
Socialist parties, European, 24, 96; programmes of, 12
Socialist societies, 24, 28, 35
Social legislation, 17, 53, 159, 160, 168
See also Factory legislation.
Social philosophy of Labor Movement, 145, 151-154, 157-158; and Liberalism, 23
See also Social thought.
Social reconstruction, 8, 9, 11, 12; acceleration of, 51; education and, 121, 143; idealistic, 14, 15-16, 17; Labor Movement and, 151, 153-154; Labor Party's programme for, 43, 48, 49, 52-53, 54, 55-57, 61; materialistic, 17-18; in the past, 50-51, 53-54; through politics, 5, 15, 16, 24, 96, 147, 148, 149, 159, 160; post-war, 34; problem of, 152-153; and State policy, 26; on a Socialist basis, 17
See also Industry, reconstruction of.
Social services, public expenditures on, 51
Social solidarity, 21
Social thought, 12, 33, 53, 144, 145-146
See also Economic thought; Political thought; Social philosophy.
South Africa, mining industry in, 76
South African Republics, British war with, 110
Specialization, 107
Standard of life, 44, 45, 52, 57, 61, 107, 108, 115, 151
Standard Oil Company, 86
Standards of employment, minimum, 52, 53, 54, 61
See also Hours of work; Wage, minimum; Working conditions.
State, 138, 145, 162, 167, 172; and education, 120, 122, 132, 172; and industrial policy, 162, 169; scholarships, British, 4, 41, 120, 138; social policy, need for, 26; and social reorganization, 159
See also Public enterprise; Public ownership.
Steel industry and protection, 104
Steel Trust, 86
Strikes, 3, 27, 89; for industrial objects only, 148
"Sweating," 50
Switzerland, higher education in, 123
Syndicalism, 162
Syndicalist trade unionism, 15

Tariff, an international concern, 115; preferential, 103, 104, 109, 111
Taxation, 20, 51, 52, 57, 58, 59, 61, 145; of backward peoples, 115; diminished, 3, 60
See also Capital levy; Colliery levy; Death duties; Excess profits duty; Incomes.
Tea, trade in, 107
Teachers, 132, 133, 135, 143; improved standards for, 128, 133-134; Training Colleges for, 133-134
Teachers, National Union of, Annual Conference of, 4
Territories, non-self-governing, 114, 115-118
Textile industry, 50
Third estate, 8, 146
Tiers État, rise of, 8
See also Third estate.
Tin, American import of, 107
Trade, 44, 46; desirability of, 101; revival of, 1
See also Commerce; Markets.
Trade, Board of, 2, 41, 69, 169
Trade Boards, 53, 53-54, 54, 54-55; Act, 29, 54
Trade Disputes Act, 29
Trades Councils, 35
Trade Union Act, 29
Trade Union Congress, 28, 42
Trade unionists, 3, 11, 56, 148
Trade unions, 20, 41, 42, 91, 142, 149, 157, 160; and control of industry, 161; corporate liability of, 26, 27; and direct action, 147-148; funds of, 37; and Labor Party, 13, 28, 29, 35, 35-36, 37, 38; legal position of, 21, 22, 26-27, 28 (*see also* Combination Acts); organization of, 18, 21, 30; and politics, 21, 22, 25-26, 28, 29, 30-31; and protection, 104-105; and Socialism, 22, 29, 159-160, 160; statistics of, 13; and syndicalism, 15; weakness of, in rural districts, 37; and Workers' Educational Association, 40-41, 42, 139
Transport, 20, 114
See also Communications.
Treasury control and nationalization, 85, 90
Trevelyan, C. P., 4, 56, 135
Trusts, 23
See also Combination.
Two-party system, 1, 10, 21

Unemployment, 46-47, 56, 61, 105; Insurance Acts, 55, 56; maintenance, 50, 52, 55, 56; percentages, 3, 97; and population, 44-45; provision against, 51, 55; and school age, 56; types of, 55-56
United States. *See* America.
United States Steel Corporation, employees of, 155
Universities and classes for workers, 41, 128, 129, 136, 137, 138-143; and educational ferment, 136; and educational reforms, 120; financing of, 127, 128, 137; increased number of, 128, 136; and Labor, 137, 138; numbers in, 137-138; and state scholarships, 4, 41, 120, 137, 138; and teachers, 134; and working-class movements, 41; work of, 136
University Colleges. *See* Universities.
University Tutorial Classes, numbers in, 140
Upper Silesia, division of, 110

Versailles, Treaty of, 110; economic provisions of, 98, 101

Wage, minimum, 29, 51, 52, 53, 54, 61, 168; for miners, 68
Wage-earning classes. *See* Brainworkers, salaried; Working classes.
Wages, 50, 54, 103, 161; in coal mining, 68, 70, 72; rise of, 45, 55, 151, 153
See also Wage, minimum.
Wage system, 155; onslaught on, 16
Wales, railway strike in (1900), 27; school children of, 126-127; South, 37, 69; university students in, 137; workers' education in, 140
War, 14; economic causes of, 108, 109, 110, 111; and economic internationalism, 112-113
See also War, Great.
War, Great, 18, 35, 44, 48, 65, 67, 99, 102, 110, 151; causes of, 108; and coal industry, 68-70, 75, 83; debt from, and production, 101; economic effects of, 44, 46, 47, 117, 168; and Labor Movement, 29-30, 31, 33-34, 96; social effects of, 33, 117; and unemployment, 46-47, 55
War aims, Labor Party's statement of, 34, 96
War Debt Redemption Levy, 57, 58
Wealth, distribution of, 5, 45, 47-48, 49, 56-57, 59, 60, 61, 152, 171
See also Capital, profits to.
Webb, Beatrice, 24, 159
Webb, Sidney, 2, 24, 41, 159
White Book, 108
Wilson, Woodrow, 117
Women on Central Executive of Labor Party, 35; hours of work for, 53, 54
Wool, trade in, 106, 107
Wool operatives and protection, 104-105
Workers' Educational Association, 41, 41-42, 120, 138-140
Workhouse, 50
Working classes, 1-2, 2, 14, 49, 152, 155, 156, 171; bettered condition of, 49-51; education of, 30, 40, 41, 48, 50, 56, 120, 123, 128, 129, 136, 137, 138-143 (*see also* Workers' Educational Association); and general election of 1918, 96; and League of Nations, 102; and Liberal tradition, 104; organization of, 9, 15, 17-19, 20-21, 25, 26, 30, 31, 104, 159 (*see also* Coöperative movement; Trade unions); and political power, 10, 12, 15, 43, 145, 146; and post-war Germany, 96
See also Brainworkers, salaried; Manual workers in Parliament.
Working conditions, 52, 53, 54, 61, 161, 168; for coal miners, 68, 80-81, 90, 91
See also Hours of work.
World, economic unity of: *see also* International unity, economic; land area of, 107; population of, 107

Yellow Book, 108
Yorkshire, 98

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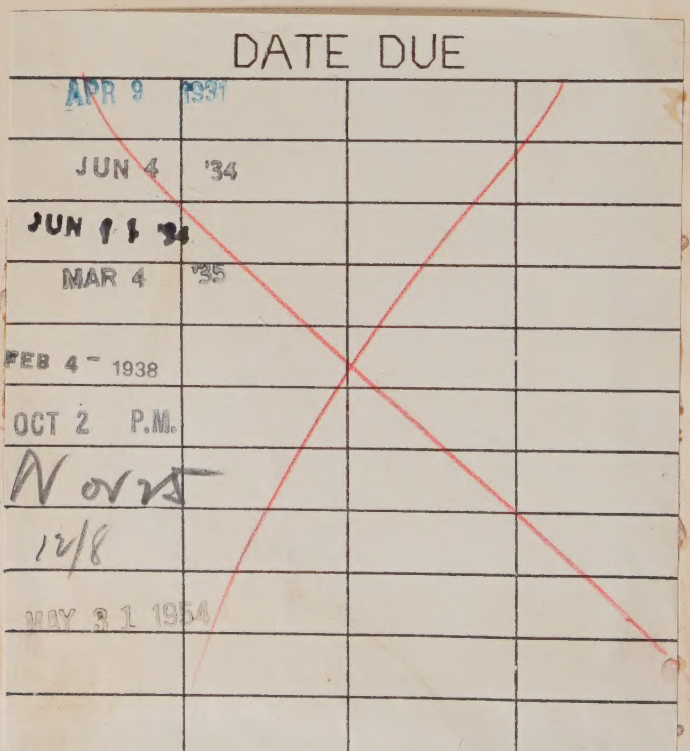

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